The MAGAZINE of WALL STREET

AMERICA'S LEADING FINANCIAL PUBLICATION

EDITED BY

Richard D. Wyckoff

Ten Stocks Selling Below Their Real Value

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With the Editors

More About Financial Independence

WE have received several letters lately in which subscribers request us to give what we consider a good, progressive plan whereby the man of average income can reach a state of financial independence by the time he reaches fifty.

This, of course, we have done a good many times in the past but it is distinctly worth while repeating the job.

First, we should say, let Mr. Average Man improve his time so that he places himself in position to increase his earning power. This is paramount. Everything else flows from it. ***The best investment a man can make is in himself.***

Second, let him discipline himself so that he learns how to save systematically. Let him save for a considerable period in the following: (1) savings bank, (2) insurance of any form adapted to his needs, (3) Building & Loan shares, provided they are sound, and (4) purchase of a home, if he cares to undertake this responsibility. The latter, however, is not so essential. Many men do not care to undertake the inevitable cares of home-owning.

Third, let him ground himself thoroughly in the difference between investment and speculation. For this, he should talk to his bank, or read reliable financial publications, or secure his information from any other honest and capable source.

Fourth, when he has really learned the difference between investment and speculation, let him start to invest, slowly at first, until he has felt his way, and preferably in the highest grade of investments, even if the income return at first be small. In this stage of his career, Mr. Average Man should be more interested in conserving his savings than in trying to secure a large return from them. After he has invested in several gilt-edge issues, let him then invest in other high-grade issues which offer a larger return. These issues should be confined to bonds and preferred stocks and, of course, such securities as guaranteed stocks, bank and insurance stocks and the like.

Fifth, he may then commence to buy common stocks, but only sound dividend-payers representing the best that may be had.

Sixth, when his income from all these sources has commenced to mount up, he may begin to look about for opportunities for profit. Even so, he should stick to the sounder dividend-payers.

Seventh and last, when he has really reached a strong financial position, he may finally commence to buy speculative issues, dividend-paying or not, if they seem to offer good opportunities for market enhancement. In any case, the funds invested in this type of issue should not be equivalent to more than 15% of his entire capital and this percentage should be divided among a few stocks and not concentrated on one.

The above, we believe, represents the surest way of reaching Financial Independence after years of hard work and great devotion to the task. There may be quicker ways but not without increasing the risk. It is up to the individual to decide for himself which method he would rather adopt.

In The Next Issue

1. Twelve Stocks Which Present Unusual Market Possibilities

—these are stocks selected from the twelve leading industries. All of them are selling considerably below value and represent the selection of investment experts who believe that they will sell much higher than present prices within a reasonable period.

2. Convertible Issues and What They Offer Investors

—containing a comprehensive list of attractive convertible issues, selected from the bond and preferred stock list. For investors who desire the combination of reasonable security with opportunities for price enhancement, this article should prove useful.

3. What Is the Outlook for Money?

—even authorities do not agree on this important question. However, we believe that the facts warrant exposition of the situation with an accurate conclusion as to prospects. One of the leading experts in the country is the author of this article. It should be read by all business men and investors.

4. The Industrial Boom in the South and the Securities It Affects

—an unusually stimulating article for investors interested in long-range opportunities for profitable investment.

Watch for the June 6 Issue—It Will Contain Many Practical Suggestions for the Investment of Your Funds.

The MAGAZINE of WALL STREET

EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

Unloading Securities on The Public—A Bewildering Business Situation—How About Earnings?—Money Rates and Bonds—Crop Report—The Market Prospect

DURING the past few years—that is, since the ending of inflated money rates and restoration of confidence among investors—the sale of new securities to the public has reached astounding proportions and the movement has shown no signs of abatement. We are not referring here to the sale of worthless or fraudent securities but to those which represent either going corporations or municipalities or Governments.

In a number of cases, these new issues have had little genuine economic reason for existence but have represented principally the painstaking efforts of syndicates and investment houses to take advantage of the huge public demand for new securities. In other words, in order to make a profit for themselves, some investment bankers on a number of occasions have forced the market.

That these securities have found a ready sale is beyond the point. The fact is that too many of them have been sold without apprising the public of the true facts surrounding them. A striking illustration of this situation has been the very large number of recently issued securities, principally bonds, representing foreign corporations and sold at fairly inflated figures. Also, a number of comparatively small domestic corporations without a truly sound outlook have found it easy to issue and sell securities at many points above their true value.

While the financing of large and well-known companies has, as a rule, been on a proper basis, the deserved success of these issues has served to obscure the fact that many unsound securities have slipped through. Clearly, the investor must show discrimination in the purchase of issues of new vintage. Generally speaking, in the present low money market, bonds which are offered to investors on a high-yield basis are speculative. In the long run, it would do both investment houses and investors more good if issues of this type were sold as speculations and not, as happens too frequently today, as speculations camouflaged with a slight investment veneer. Incidentally, one wonders what the outcome may be when money rates commence to climb again and the less secure issues have to meet with the inevitable competition offered by securities of genuine investment merit.

INDUSTRIAL TREND

RARELY has business in the past few years presented so mixed an aspect. While entire industries lay submerged under the influence of depression, others have never been so prosperous. Thus, the bituminous coal industry in unionized sections lies paralyzed from competition with non-union mines. At the same time, the mail order houses report practically the best period in their history. Railroad earnings are very mixed, Southern and Southwestern roads reporting good earnings whereas those in the Northwest are still struggling. Railroad equipment manufacturers are operating at a very low pace whereas the electrical equipment industry is in good shape. Most of the big automobile companies are doing well but the textile industry is still unable to operate profitably.

Despite these irregularities, the general volume of sales continues satisfactory albeit at low prices and without a large margin of

profit. Competition is as intense as at any time in recent history. The good earnings reported by a number of very large corporations seem to hide the fact that thousands of smaller ones are unable to compete at a profit.

EARNINGS OUTLOOK

ALL this seems to indicate that, generally speaking, earnings during the first half of the current year will not be as satisfactory as anticipated several months ago. It is significant that since the first of the year, there have been relatively few increases of dividends whereas not a few have been cut or suspended entirely. It is possible, of course, that the latter part of the year may be far more successful than the present, from an earnings standpoint, but before this materializes, we shall undoubtedly have to go through a process of further adjustment to a lower level of business.

THE BOND SITUATION

RECENT strength in the bond market is due entirely to the lowering of money rates, which are now approximately one half per cent below the figures prevailing a few months ago. The cheapening of money is directly the result of the decline in business activities and the lower scale of commodity and stock prices. Inasmuch as the present trend of business does not suggest the possibility of an immediate upturn, it is logical to expect that money rates will continue at the present relatively low levels. This should serve as a stimulating factor on prices of fixed-income bearing securities, particularly bonds and preferred stocks. Both high-grade bonds and preferred stocks, however, are already at a point where they have more or less discounted low money rates and the better opportunities in these divisions exist among the middle-grade issues and a few of the more attractive speculations. These are referred to in our Bond Buyers' Guide and our Preferred Stock Guide.

RISE IN RUBBER

THE tremendous advance in the price of crude rubber to over 60 cents a pound, which compares with a low of 17 cents last year, may be directly attributed to the operations of the Stevenson Restriction Plan Act, which went into effect several years ago with the backing of the British Government. From the viewpoint of American consumers, principally tire-manufacturers, the Plan seems to have worked too well. Contrary to the statement of the British Government, when the Stevenson Act went into effect, that there would be ample supplies of crude rubber at fair prices, developments have actually tended to limit the output and raise the price.

American tire-manufacturers, with no crude rubber production of their own, will be hard hit as they will probably be unable to pass on any great part of the extra cost of production to automobile owners. In Wall Street circles, the rise in crude rubber has been advanced as a reason to buy tire stocks. It will probably not take long to explode this silly idea, though several of the larger companies with important facilities for rubber-growing, will manage pretty well.

MARKET PROSPECT

THE stock market took on a considerably stronger aspect, a number of issues making new highs for the year, with the advance led mainly by the public utility group, in which several sensational moves took place. The market, however, was not uniformly strong, quite a number of stocks being unable to make headway. In fact, several issues dropped to new lows for the year. The market continues mainly to be a group affair with the intrinsically strong issues making the best showing.

Reasons for the present strength are not easily found in trade statistics which, in the case of a number of industries, are not too favorable. The railroads, it is true, are carrying a large amount of freight but other industries such as steel, soft coal, sugar and several branches of textiles are still oppressed by unfavorable influences.

The main bullish factor consists of the large amount of surplus funds. Money rates have eased off somewhat and this is encouraging new ventures in the market. The public, as yet, however, has refrained from participating to an important degree. On the other hand, it is probable that the spectacle of rising prices will attract a larger following to the market and thus cause further advances in issues which on their own merits are entitled to them.

From a broader standpoint, this appears a distributing period and many issues are probably seeing their best prices for some time to come. This is particularly true of groups in which speculation has been especially prominent as in the motors, and public utilities. Great discrimination is required, obviously, and only those issues which are based on sound values and have not risen to a dangerously high point should be considered. There are not very many of these.

—Monday, May 18, 1925.

Does Wheat Gambling Sound Knell of Market Manipulation?

The End of Gambling in Wheat in Sight?—The Truth About the Last Bull Market in Grains—What Will the Effect Be on Stock Exchange?

By THEODORE M. KNAPPEN

ON March 2, Wheat leaped off a precipice. Its fall was retarded by a few jagged rocks and feeble bushes of market dope encountered on the way down—but by April 2 it hit the bottom of the 65-cent plunge.

"Contemplate that cliff," said a veteran of the pits, one of the leading grain market students of America to the writer, "and mark it well. It is the monument of the passing of manipulated speculation. Perhaps the grain exchanges as we know them will be found under the monument, too.

"You may safely say that America has seen its last speculative raid on the staff of life. The pitcher was taken to the well once too often.

"All the bunk has been stripped from the unctuous palaver about supply and demand making the grain market. The great bull market in wheat that reached its pinnacle in the last days of January and its near-summit in the opening days of March was purely a speculators' market, and the price was entirely made by the downright gambling type of speculation.

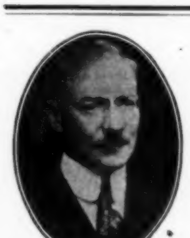
"Above $1.60, May wheat was as purely an artificial fabric as a stage landscape. Above that price it was the product of gambling—and gambling with loaded dice, stacked decks, knock-out drops and gunplay. Just common gamblers made the price of wheat and flour, upset and kicked about the great flour milling industry, exacted bread money from millions, debauched the sense of values and the belief in thrift of hosts of young men and women, and rifled the pockets of a countless number of 'little people'."

Asked to elaborate and interpret his impressionistic word picture of what the recent rise and fall of wheat meant the "authority" went into lengthy explanations with charts, statistics; quotations from various ponderous volumes, from the passing records of these recent months in the grain markets; and citations of the pronouncements of men who have been through all the mysteries of grain speculation. Condensed and for the sake of easy telling put into direct and continuous quotations this is what he said:

"I mean that manipulative speculation in grains is as good as numbered among the dead. The investigation that the Department of Agriculture is now making into the meteoric ascent and descent of wheat between November and April will bring out such conclusive evidence of the heartless, inexcusable and economically destructive manipulation of the price by men who neither raise, sell, distribute nor manufacturingly consume the staple food cereal that the next Congress will hotly give us a law that will certainly take the abuses—and most of the excitement and profits—out of speculation, if it does not actually destroy it.

"You know this investigation is being conducted by the Grain Futures Administration of the Department, which was set up by act of Congress in 1922. It has legal access to all the books and records of grain exchanges that are designated as 'contract markets' and also of their members for the purpose of enforcing the act. The act was intended to prevent manipulation of prices in the grain futures market, to prevent the dissemination of false or misleading information that might affect prices and to enable co-operative grain exchanges to get memberships in grain exchanges.

"If what is known of all men who are interested is not enough to prove that the wheat market has been flagrantly manipulated these many months and that false and misleading information has been widely disseminated, the Grain Futures Administration has been able to get the 'goods' through its lawful access to the fundamental records. It knows today by the testimony of the transactions in the markets just what operators manipulated the market up or down and just how they did it on the mechanical side of their undertaking. It knows who were the chief disseminators of false information.

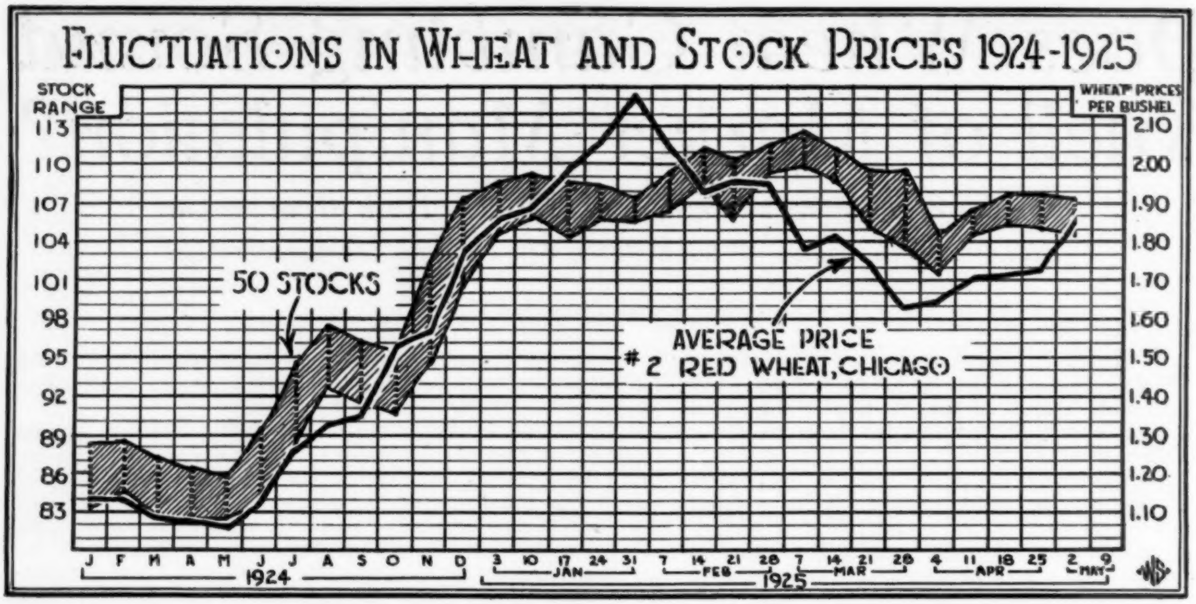


ARTHUR W. CUTTEN

Two Leading Figures in the Wheat Market

JESSE LIVERMORE

" * * Arthur Cutten and his bull associates deftly maneuvered the market up to 45 cents or thereabouts above the true value (over $2 a bushel) * * * Jesse Livermore, taking his ease at Palm Beach, began to raid Cutten's baby corner * * * . Merciless, smashing short-selling, that allowed only brief respites to Cutten and his followers, jammed wheat down to $1.37 on April 3, and it left a wake of ruin and valuable experience behind it that will be remembered for many years."*



"It has oceans of testimony covering the losses of the scores of thousands of outsiders—clerks, stenographers, salesmen, small merchants, farmers, messengers, etc.—who were lured into the depths of gambling speculation by deception and by the mania that was deliberately created and agitated by the operators to further their selfish ends. It knows that the saturnalia of deception and hysteria was helped along by hundreds of commission houses who thought only of their multiplying and snowballing commissions, no matter who lost or won, and whether it was comedy or tragedy.

"The investigators have collected a mass of the most astounding dope that was fed out to the gullible public as the bubble was more and more inflated. This stuff was put out not only by the imaginative publicity agents or dope writers of the operators and the commission houses, but even by supposedly legitimate news writers of great metropolitan dailies. When the latter joined the excited throng, we may safely say that they were the victims of the 'crowd mind' rather than of subsidy.

"Even the Department of Agriculture itself was infected with mob psychology. On the theory, probably, if it had any, that wheat couldn't go too high for the good of the farmer and that it ought, therefore, to speed up the mad race by all possible means the Department put out a ridiculous statement on Jan. 6, which caused the mulcting of countless victims of the speculation frenzy. I know personally of one woman who lost $150,000 because of her faith in the Department's judgment.

"With wheat around $1.80 for the May option, and roaring up hill in high, the Department deplored 'the misapprehension that speculation has driven the price up unduly in the United States.' It further assured the credulous public, waiting for any kind of a tip to plunge, that 'the responsible agencies of the Department of Agriculture are in constant touch with the conditions of supply and demand, not only at home but abroad.'

"With that self-made certificate of authority it went on to say: 'In a broad sense, prices are the result of the expert opinion of the world, either as to supply available until a new crop is received or as to the estimated quantity that will become available if the crops have not been harvested,' and then struck a crescendo of alleged bullish facts that would sweep even a veteran bear off his feet if caught unawares and cause him to say 'amen' to the Department's conclusion that prices were not too high. For good measure, the Department extended sympathy to the grain exchanges for being held responsible for '*conditions those unfamiliar with the facts* call very bad. Certainly complaint against wheat prices being too high is unwarranted,' etc. For final good measure the Department went dippy to the limit in this wise: 'No information in the possession of its market supervisors gives ground for alarm that the essential bread grain of the United States is being made the victim of vicious and harmful speculation.' I happen to know that the Department did have in its possession at that very time responsible advice, if not 'information' that 'the essential bread grain of the United States' was being made 'the victim of vicious and harmful speculation.'

"To cut a long and dramatic story to a somewhat prosaic brevity the investigation now being completed shows—though no names may be mentioned in the formal report—that Arthur Cutten, of Chicago, and his bull associates deftly maneuvered the market up to 45 cents or thereabouts above the true value as determined by expert opinion. The climax of about $2.05 for the May option was reached on Jan. 28. They took their profits deliberately, or surrendered to opposed market manipulation, down to $1.77 on Feb. 13. They bucked the price up again on pure hot air to $2.02 on March 2. On that day Jesse Livermore, taking his ease at Palm Beach, began to raid Cutten's baby corner, which he had been accumulating since last May. Merciless, smashing short selling, that allowed only brief respites to Cutten and his followers, jammed wheat down to $1.37 on April 3; and it left a wake of ruin and valuable experience behind it that will be remembered for many years. It is a historic wake. There will never be another like it.

"Never again will wiseacres and those in interest be able to get away with supply-and-demand-makes-prices talk. It has been proved to all the

world that speculation makes wheat prices under present exchange conditions. No longer do the farmers stand alone in their contention that speculation is a robber as well as a maker of fictitious prices.

"This year it happens that two of the biggest and ablest traders the Chicago wheat pit has ever known, George E. Marcy and E. F. Rosenbaum, are on the side of the farmers, as managers of the co-operative Grain Marketing Company—by far the largest buyer of cash wheat in the country. Ever since the first of last December they have been protesting that 'the speculative accumulations of speculators were matters of common knowledge' and that the American price was being pushed out of line with world prices in an artificial and dangerous manner.

"Marcy recently put out a statement that is evidently aimed at the Chicago Board of Trade, complaining that 'no steps were taken to counsel moderation, and no attention was paid to the conservative bulletins issued by the Grain Marketing Co., outlining as nearly as possible the actual situation.' He says that beginning about November 1 the market news was purposely colored or made. Sensational and greatly exaggerated reports were issued * * * *. Famine was predicted in Europe*****and it was even proposed to prohibit the exportation of wheat lest there might be a famine here.

"Amateur statisticians made figures to fit imaginary facts. The public was induced to believe that there was no limit to grain purchases, and they were induced to buy large quantities and pyramid their purchases. Marcy then recites how the Government played into the hands of the manipulators, as sketched above. In consequence of all this adulteration of information prices went so high that Argentine and Australian prices were 15 cents a bushel under American parity, 'notwithstanding the fact that the United States had one of the largest visible supplies on record.' Wheat was so much higher in New York than in Rotterdam, says Marcy, that American No. 2 red could have been bought in the latter, conveyed to New York and sold at a lower price than wheat shipped directly from Chicago. 'Enormous lines of grain were held by speculative account, *one in particular large enough to constitute a menace.*' The law of supply and demand was thrown out of gear, but domestic consumers refused to be stampeded and 'the actual cash trade was thrown into a chaotic state ***** farmers suffered disastrously owing to the huge discounts they were compelled to take for their grain as compared with future prices, and actual normal cash business was practically suspended.'

"The collapse, according to Marcy, was speculation working the other way. Individual holdings by 'out-and-out speculators of quantities of grain, possibly unequalled in the history of the grain trade' found that they could not sell their speculative holdings because of lack of cash consumptive demand. Meanwhile, American wheat owners lost the European market to underselling competitors. Marcy's general position is that speculative manipulation and tainted news ruined the really strong supply-and-demand position by overdoing it and kept the farmers from getting top prices at one time and later compelling them to accept prices below real values.

"Mr. Rosenbaum followed Mr. Marcy with an even hotter arraignment of the manipulators.

"Now the Chicago Board of Trade, instead of cleaning house, is seeking to discipline them, and there is talk of depriving them of their seats.

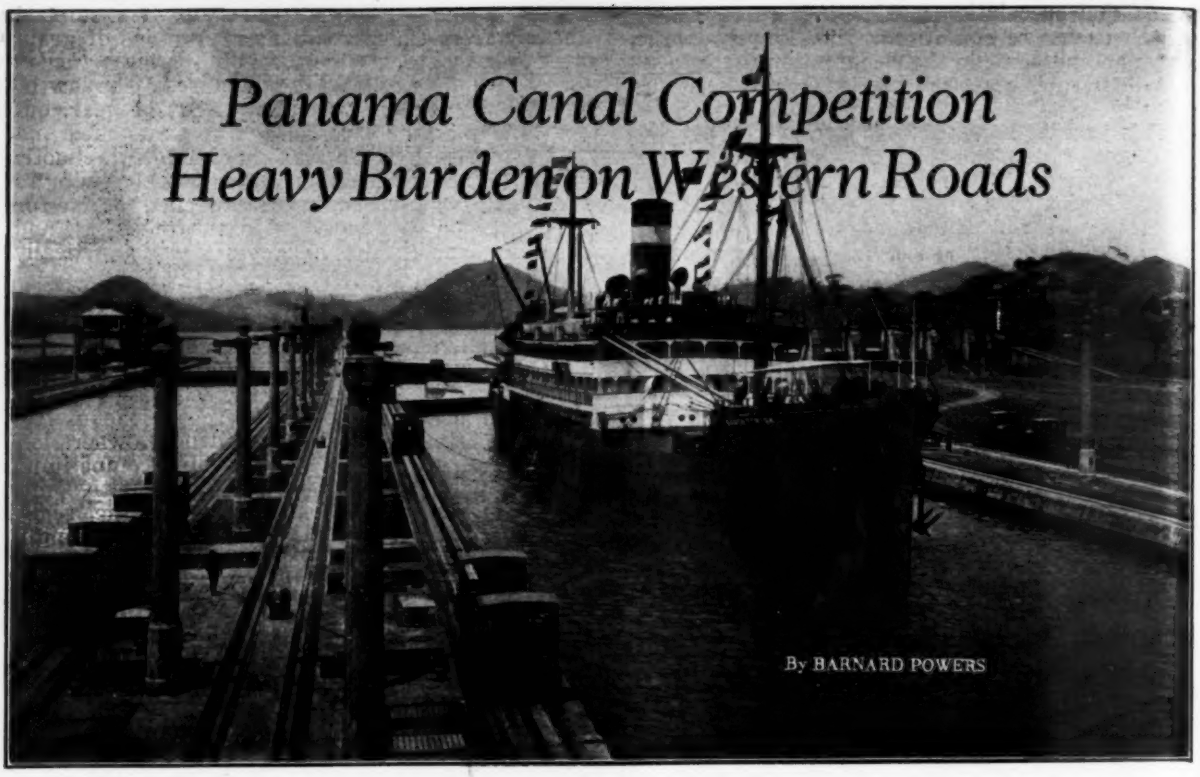
"James A. Patten, 'wheat king,' somewhat earlier declared that the last 35 cents of the wheat peak was pure speculative effect.

"The flour millers, with their legitimate business violently disturbed by price fluctuations artificially made, begin to lose their old faith in the markets and their conviction that unrestrained speculation is a good thing. The Millers National Federation has started an investigation of the Board of Trade while the latter is investigating Marcy and Rosenbaum and their fellow farmers. The *Northwestern Miller* declares that a large proportion of the Chicago Board of

(*Please turn to page* 184)

The Floor of the Chicago Board of Trade, where the exciting scene depicted is a daily affair. Extreme fluctuations in wheat prices during the past few months have served to turn the eyes of the entire world on this market.

Panama Canal Competition Heavy Burden on Western Roads



By BARNARD POWERS

THE weight of the Panama Canal is a heavy burden upon the transcontinental carriers. Since the great waterway connecting the two oceans was opened to traffic on August 15, 1914, an increasing stream of merchant shipping has each year passed through the Canal with resultant loss to the transcontinental lines which, were it not for the Canal, would have carried a great portion of that freight.

The graph which accompanies this article shows how the business done by the Panama Canal has climbed in a decade, especially in the last four years. Since 1920, the number of ships passing through the Canal has more than doubled, while the cargo tons and the tolls paid by those ships, has nearly trebled. The chief reason for those remarkable increases in the last four years was the extensive development of the oil fields of southern California resulting in heavy oil shipments to Atlantic refiners. As oil production in California is now on the decline, it is unlikely that Canal shipments will show further increases due to oil shipments, but that there will continue to be a heavy movement of oil through the Canal for years to come is certain.

Inspiring as this showing of the Canal may appear to the student of national economics, and justifiable as the Panama Canal may be from the viewpoint of national progress, it must appear like a message from Fate to the western lines of the great transcontinental systems.

Uncle Sam carries his investment in the Canal at $272,673,818, not including the National Defense item totaling $112,618,082. As the result of this outlay, it is possible to ship certain classes of merchandise from the Atlantic seaboard to the Pacific coast, at costs substantially below railroad transcontinental freight rates.

Just what the Panama Canal costs the railroads in terms of dollars cannot be figured exactly. Julius Kruttschnitt, Chairman of the Executive Committee of the Southern Pacific, estimates that in 1923 approximately 6,000,000 tons were transported via Canal between the Atlantic and Pacific coasts. If the same ratio to the Canal's total tonnages obtained last year as in 1923, the total would be approximately eight and a quarter million tons. The Canal cost the Southern Pacific $2,000,000 in net income during 1923 Chairman Kruttschnitt estimates. Northern Pacific, Great Northern and the Canadian Pacific are even more adversely affected, since they are the roads which suffer the most from Canal competition. Competition on the part of the Canal was given as one of the important reasons for St. Paul's receivership.

Predicament of Western Lines

"Unless the western lines are granted an increase in rates which will enable them to compete with the Canal," said the traffic manager of one of the largest transcontinental lines, "they will inevitably reach a position where it will be necessary for the Government to take them over and operate them. They cannot continue indefinitely as in the past." A study of facts leads to the belief that the foregoing is no over-statement of the situation. The Canal benefits the eastern railroads and shippers on the east and west coasts, but has seriously disturbed the earnings of the western railroads. Moreover, it has upset the manufacturing relations of the entire country.

In order to compete with the Canal, the western carriers must be able to make rates to the territories reached by steamship lines, comparable to steamship rates. The so-called long and short haul provision of the Interstate Commerce Law prohibits the railroads from making lower rates between such points than are applicable at intermediate points, unless the permission of the Interstate Commerce Commission shall have been obtained. So far the Commission has been exceedingly slow in granting such permissions.

One grievance which the western roads claim and which does not appear to be without foundation, is based on the rate increase awards of 1920. At that time, it will be remembered, the eastern roads were given a 40% increase in freight rates and the western roads a 20% increase. At the time this award was made, the western roads were not suffering from Canal competition, as ships for the Canal trade had not returned to that duty, having been withdrawn for war service.

Thus the 20% increase was largely a "paper" increase. The benefits which the western lines derived from the advance were largely offset, shortly thereafter, by the loss in traffic arising from Canal competition.

Since the return of the steamship lines to the Canal service in 1920, there

has been a continued and rapid growth of their tonnage between the coast cities of the United States. In that year they carried 1,061,652 long tons and 1,944,118 tons in 1921. In 1922 their tonnage jumped to 3,557,096 and in 1923 to 5,496,530 tons. These figures exclude the extraordinary shipments of oil in tank steamers which aggregated 373,918 tons in 1922 and 7,541,150 tons in 1923. At the present time there are upwards of 150 steamers operating in the coast-to-coast service as compared with 49 steamers in the same service during the first year after the opening of the canal.

Iron and steel products furnish a good illustration of the traffic which has been diverted from the western lines to Canal steamships. In June, July and August of 1923, for instance, the tonnage of such products shipped westbound through the Canal totaled 446,510 tons. The aggregated tonnage of the rail lines to all Pacific Coast ports, extending from San Diego, California, to Puget Sound, Washington, was 44,123 tons, and the combined rail tonnage to all points in the states of California, Oregon and Washington, including the tonnage to the ports, totaled only 82,561 tons. This includes not only the business originating in the territory contiguous to the Atlantic Seaboard and to the Gulf ports, but all of the producing territory of the country as far west as Colorado, inclusive. So that the railroads carried only 15% of the tonnage of iron and steel products to the Pacific Coast states from Colorado and all points east thereof, notwithstanding the inclusion therein of producing territory which is entirely beyond the reach of the Canal.

Using the three months shipments as the basis for a year's totals, it will be perceived that four times the three months' figures would give the steamship lines an aggregate of 1,786,040 tons and the carriers 330,244 tons. In other words, the water movement is at a rate of more than five times the movement by rail.

Unregulated Water Rates

Tolls through the Panama Canal are fixed by statute at not more than $1.25 per net registered ton and not less than 75c per net registered ton. The President has authority to fix the tolls within those limits. But freight rates are entirely competitive. Thus the intercoast traffic situation is comparable to that of the railroads years ago, when it was a case of the "Devil take the hindmost."

The railroad interests affected believe that water rates should be regulated the same as railroad rates. It cannot be said that this viewpoint is illogical. According to a prominent railroad man, the competition for Canal transportation business is keen and many of the lines operating between the two seaboards are losing money or barely making expenses. Another situation, familiar in the old days of railroading, is discrimination in the case of favored shippers. All of which, of course, increases the burdens of the railroads attempting to compete with the Canal.

The railroads point out that they were under great expense in acquiring rights of way and constructing their lines, to say nothing of the expenses of maintenance. Moreover they pay heavy taxes whereas the Canal pays none. Southern Pacific's taxes, for instance, run at the rate of about $20,000,000 annually or nearly equal to the amount of dividends paid to the stockholders. If the Canal were compelled to pay taxes commensurate with taxes paid by the carriers it would not be possible to maintain the present toll rates and break even. Higher tolls would, of course, mean higher water rates thus lightening the burden of Canal competition for the railroads.

Return on Western Railroad Investment

The predicament of the western lines is summarized by the statement that in 1916 the return on the property investment was approximately 4.95% while last year it was less than 4%. It requires no trained analytical mind to perceive that an industry cannot be expected to maintain itself and attract capital for expansion, on any such earnings basis as the foregoing. And this notwithstanding that 5¾% has been found by the Interstate Commerce Commission to be a fair return upon railroad property.

Touching upon this matter, Lewis Spence, Director of Traffic of the Southern Pacific Company, said in a statement to the Committee of Interstate Commerce of the U. S. Senate:

> "It must be evident, therefore, that these lines cannot stand the loss of traffic which is now being sustained, and that *continued depletion of their revenue by such loss of traffic will discourage any hope of their being able to further reduce rates upon the products of the country in which their operations are conducted.*"

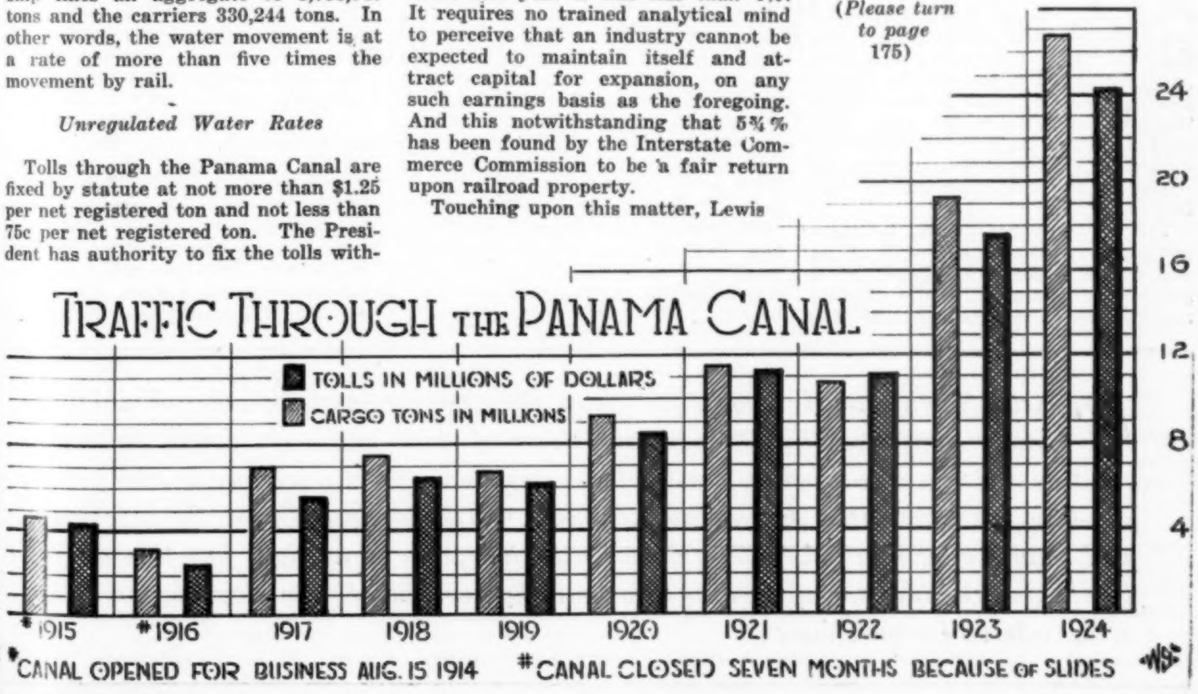
That statement was made in February of last year. Since then developments indicate that not only is there no hope of reducing existing railroad rates by the western carriers, but there is an acute necessity for advancing rates. On the basis of a net income of $378,080,991 or 3.87% on property invested as shown by the western roads last year, an increase of approximately 11% in freight rates is necessary to enable the western carriers to show the permitted 5¾% return.

Farmer Pays the Freight

In the event that an 11% increase is granted, the farmer will be the one most affected. In other words, if the railroads are allowed to earn what has been decided that they are entitled to earn on the invested capital, the load of Canal competition will be transferred from the shoulders of the carriers to the back of the agricultural communities where the western roads operate.

Among the western transcontinental lines, Atchison has been especially favored. Owing to extensive oil developments and favoring crops in its territory it has prospered in spite of

(*Please turn to page 175*)



New Stocks for Old

Some Observations on the Prolific Output of New Junior Securities—What Is the Responsibility of the Underwriter to the Investor?

By JOHN COLEMAN, JR.

WHEN a new security comes on the market under financial sponsorship, the phrase in the Street calls it giving the stock a "daddy"; what the investor wants to be sure about is that he is not going to be left to sing the "mammy" songs.

THE person with available funds to put into stocks finds himself confronted today with the most varied and complete assortment of securities in the history of finance. Investment bankers, both old and new, large and small, are diligently scanning the corporate lists for new underwritings to offer to the public. There is something to suit every purse, satisfy every fancy.

Conditions were never more auspicious for the exploitation of stock issues. Money has hardly ever been so cheap for so long a period, and certainly there has never been as much of it. Fixed charge obligations of any merit at all are selling at too low a yield to interest the average investor; standard stocks listed on the Exchange have similarly advanced to a point where the return is generally not inviting. New issues, accordingly, attractively done up, with a yield competing favorably with the prevailing obtainable return, and embodying such special features as convertibility, participating provisions, bonus stock, at once present a strong appeal.

These new offerings have been identified with every conceivable industry and trade, some with very respectable histories and potential possibilities for the future; others have represented the newer industries—such as radio, electrical refrigeration, rayon, superpower—with an appeal to the investment pioneer. It has been a sumptuous and tempting menu; there have been occasional cases of cramps, a little indigestion, but very few prostrations—and the public appears not yet surfeited.

The underwriter has been approached by, or made overtures to, we will say, a corporation engaged for a number of years in the successful manufacture of cantilever bridges. The organization is national in scope, the product has been widely exploited, the owners are getting along and are willing to sell, at a price. The figure agreed upon usually represents at least a fair profit to the owners, a generous capitalization of good-will and earning power as a going concern. A new capital structure is set up. Over several recent years the net earnings available for dividends on the new shares will compare reasonably well and be in excess of the proposed dividend payments. Over a period longer back, profits may not be so favorably related to the new capitalization.

The company has not been bled in the recapitalization but there have been substantial withdrawals to reimburse the owners. Current business is moving along and a banner year is anticipated. The yield on the stock will be about 8% on the price to the public. A syndicate or selling group is formed and the offering made. Application is made to list the stock; in the meantime the market is supported by the syndicate. The extent to which this support must be maintained depends entirely on how well the issue is sold and how much of it finds its way back through disposition by purchasers who do not hold.

Obviously the public is paying a price for its participation through stock ownership in the cantilever bridge industry. It must, in the first place, pay for the profit at which the owners were bought out, and in the second instance, must pay for the profits which the issuing house expects to make as well as for the cost of distribution. There may be every reason in the world why the public should want to capitalize the cantilever bridge industry by the purchase of stock in one of the leading companies and the intensity of their desire will determine the immediate success or failure of the issue. But it is obvious that the prospects must be very bright if a new offering is to be sustained in the face of these obvious contingencies.

Ground Laid by Underwriter

The underwriter all the while has been on the "inside"; he has been revolving in his mind what price the public is willing to pay for such representation. He has access to information, data and figures which the public cannot possibly secure. He knows the working capital needs of an industry of this character and is familiar with the trend of business and profits; the situation of the bridge industry in general; what the future is apt to hold for it. He has been advised as to competition from all sources; he has inspected the Company's plants, had them reliably appraised and has seen to it that a trustworthy audit has been made of the Company's books. He has had several sessions with the executives, and on the basis of this investigation he buys the stock and offers it with his recommendation.

He feels confident that the public is ready for a participation in the bridge industry. He has been well intentioned in his survey and feels confi-

BEFORE buying newly floated securities, their merits—and defects—should be closely scrutinized by the investor. Many of these issues are sound and attractive and are sponsored by reputable houses; but a good many are on the border-line. It is true that the underwriter has a moral responsibility to the investor and should offer him only honest values with adequate protection, but this does not relieve the investor of the duty of examining for himself the character of the wares offered for purchase.

dent that cantilever bridge making will continue to be good business; hence the public is well justified in paying the premium to get into it. From the inception of the transaction he cannot fail to have weighed heavily the impending profits upon the successful termination of the deal. His gain would vary from a nominal handling charge to several points per share, based on the price of the stock and its anticipated desirability.

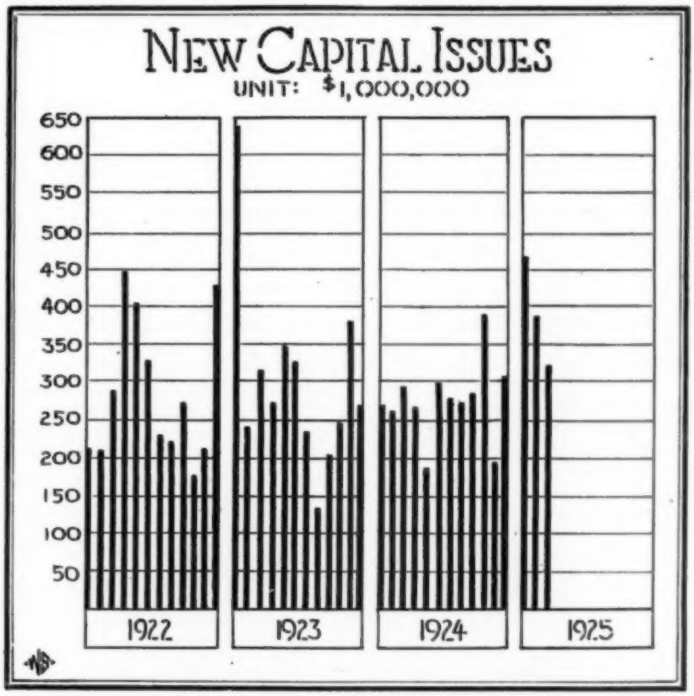
Stock Underwriter An Important Factor

This is in no sense an argument against either the stock underwriter or the general principle of flotation of new securities. Both have their essential and indispensable places. Without financing through junior securities, industry would lose one of its necessary mediums for enlisting new capital; opportunities for profit would be seriously curtailed and expansion would perceptibly halt. Nor is the profit so easily won by the banker. His risk is large. His commitment is heavy; and failure to distribute successfully might seriously impair his credit. He is solicitous of his clientele and anxious that one purchase should commend another. Public favor is his livelihood and goodwill one of his chief assets. He must also reckon with a possible saturation point when capital will suddenly hesitate to go on new ventures and private enterprise will dare less recklessly. Only the unscrupulous will set up a temporary and vicarious profit against an insecure stock wilfully tendered. But securities seek their level just as truly as does water, and the investor should be asked to pay no more than a fair price for the privilege of participation. For, after all, his financial well-being is not dependent upon the 8% return offered by the Cantilever Bridge Co. He has a thousand listed stocks to choose from, a great many of them with long histories of successful operation, with large cash resources and a ready market.

Nor is this to say that every new security loses money for its purchaser. Among the new issues that have come out in the past few years will be found a very respectable showing of those which have advanced in comparison with the number which have declined. It should be remembered that financial deals are nowadays completed with whirlwind speed making it manifestly impossible for the issuing house to know every detail respecting the affairs of the Company, stock of which it is selling, no matter how relentless the investigation may have been—a circumstance which imposes upon the purchasing public the necessity for a strict scrutiny of values and the exercise of individual judgment.

Speculative Issues

Issues that are frankly speculative fall under a different category. A new industry springing up, a new patent to be exploited, a new process that looks successful are all in their turn worthy as speculations, when frankly stated as such. Capital never made a profitable turn-over without venturing something.



Every period of prolific new security flotation invariably has its aftermath; there must follow a time of test and the fittest always survive. Much of the hope that is held out for profitable returns on new stock issues is predicated on present earning power being sustained. If profits hold up, the buyer's return is secure and his investment subject to enhancement; but when earnings shrink there is oftentimes not much to fall back upon in the way of intrinsic values. It will be well, therefore, to scan very carefully every new stock issue before purchasing; be satisfied as to the integrity and credit of the issuing house. Be convinced that earning power can be maintained on the basis of sane and reasonable future prospects. You are paying for marketability, be sure that you will get it without having to count too much on artificial support. Examine into the the purpose of the issue. See that assets have not been withdrawn to the vanishing point, that properties have not been unduly appreciated.

Learn something of the industry of which the Company is representative; check over the changes in capitalization and wherever possible search the Company's record over a period of years. Be sure that you are getting a run for your money. There are too many opportunities for safe investment and too many mediums for speculations to be rushed into newly presented common stocks on the spur of the moment without weighing in all the factors involved. Occasionally the market for new issues runs away and the books will be closed without you, but more often than not you can proceed deliberately without penalty.

Responsibility of Underwriter

Something of a public trust manifestly attaches to the flotation of new securities. The public has little other recourse than to the good faith and judgment of the issuing house. Conversant with all the details, it can, with foreseeable certainty, realize in advance whether the public is going to get just a stock, or a security of merit. Because the public happens to have plenty of money does not seem reason enough for supposing that the public will be satisfied with any kind of a stock; that if it should depreciate promptly in value it is "just hard luck." The dissipation of wealth in transactions of unworthy character is to be deplored, not to be encouraged. If a person would approach the Stock Exchange and be told that he would have to pay a premium of $3 or $4 or $6 for the privilege of buying a certain issue he would think very seriously before he paid it; but that is exactly the operation involved in an issue of new securities and he should be certain that it is worth the price.

With the public, to be sure, rests the final decision to buy or reject new offerings which are presented. There is no obligation on the part of any one to buy into a new stock issue. But there would seem to rest with the underwriters a certain responsibility to the public, a conscientious endeavor to avoid participation in flimsy ventures and to offer for sale only honest values which carry adequate protection, either in respect to earning power, or assets, or both. The underwriter knows shoddy goods when he sees it—the public cannot always tell from appearances. The moral responsibility, at least, rests with the underwriter.

Will the Diesel Engine Increase Industrial Profits?

The Real Facts Behind Some Brightly Colored Rumors

By KEITH DE FOREST

WALL STREET has been listening to some very fancy Diesel engine talk of late. It might be said, in fact, that Wall Street, has "discovered" the Diesel engine. It seems that the Diesel engine is one of the greatest inventions of modern times, that it is to revolutionize the field of power generation, sweeping the steam engine and steam locomotive into the scrap heap, and so forth and so on.

The purpose of this article is to set forth the truth about the Diesel engine as obtained from first-hand investigation. And the truth seems to fall considerably short of some of the current reports.

That is said without any intention of minimizing the importance of the invention and development of the Diesel engine. When Dr. Rudolf Diesel, a German engineer, in 1893 produced a new and revolutionary type of internal combustion engine, he made a great contribution to the world. His name will probably go down in history with that of Morse, Whitney, Edison, Westinghouse and others.

Diesel's first engine was a failure and it was not until 1897 that he made one which ran successfully. But like many pioneers he reaped no rewards for his invention. The engineering world was apathetic and, in despair, Diesel finally committed suicide by jumping over the side of a ship.

Only in recent years have improvements upon the original Diesel engines brought the type into general use and made it, within certain limits, a serious competitor of the steam engine.

The Diesel Principle

Today the Diesel engine is a highly efficient unit for the generation of from 30 h.p. to 600 h.p. and where the elements of weight and space are not of supreme importance. For long-haul navigation, oil and mining work, installation on tugs and ferry boats, oil tankers, pumping stations, etc., in fact almost any purpose where a high speed or high powered engine is not required, the Diesel can hold its own against any other type. It has many and considerable advantages for some purposes and for others some considerable disadvantages.

Dr. Diesel utilized a novel principle in inventing his Diesel engine. A steam engine, as everyone knows, is run by steam generated in a tube boiler built over a fire-box. A gasoline engine is operated by repeated explosions in cylinders, of gasoline mixed with air. The Diesel engine employs the principle that as air is compressed it becomes hotter and hotter. In a cylinder of a Diesel engine, the air is compressed by the piston itself. When the compressed air reaches the "firing point" of the fuel to be used, that fuel is forced into the cylinder head. The fuel ignites from the heat and its expansion produces the driving force. There is a burning but no explosion. This is the basic principle of the Diesel engine. We shall not attempt to set forth the manifold developments and improvements which the modern Diesel engines show over the earlier types. Sufficient to say that the Diesel engine has its place in the scheme of things and that that place is an important and growing one.

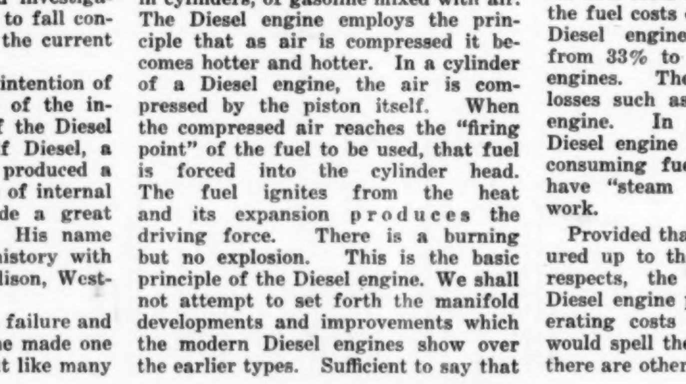
Advantages and Disadvantages

The advantages which the Diesel engine possesses over others, under certain conditions, are noteworthy. In the first place a Diesel engine can be built to operate on almost any kind of liquid fuel, "from high distillate to butter," as one executive phrased it. Its fuel costs are from 25% to 33% of the fuel costs of steam engines and the Diesel engine's operating costs are from 33% to 50% of those of steam engines. There are no "stand-by" losses such as characterize the steam engine. In other words, when the Diesel engine is not working it is not consuming fuel. It doesn't have to have "steam up" while waiting for work.

Provided that the Diesel engine measured up to the steam engine in other respects, the advantages which the Diesel engine possesses in fuel and operating costs over the steam engine, would spell the doom of the latter. But there are other factors to be considered.

In the first place, it costs considerably more to build a Diesel engine than a steam engine of equivalent horsepower. Inasmuch as the Diesel engine burns its fuel in its cylinders, a very high temperature results and very heavy materials are necessary to withstand the heat. This means bulk and weight. Moreover, as the size of the Diesel unit increases, the heat factor increases in much greater ratio than the radiation, or cooling factor. In other words, the heat problem for high powered Diesel engine has not yet been solved.

Summed up, as the Diesel engine is developed at present, the gasoline internal combustion engine for less than 30 h.p. is more efficacious, and the steam engine is more (*Please turn to page* 180)



Diesel Engine in use on the motorship "Seekonk." Stupendous size of engine can best be appreciated by comparison with size of man standing on the base.

How to Invest Your Fortune

A Practical Program for the Investment of $5,000, $10,000 or $25,000

How Various Sums Should Be Divided for Investment

	$25,000		$10,000		*$5,000*	
Type of Security	% of Capital After Reserve	Total Amount	% of Capital After Reserve	Total Amount	% of Capital After Reserve	Total Amount
Bonds	35	$8,400	40	$3,800	40	$1,800
Preferred Stocks	25	6,000	30	2,850	35	1,575
Investment Common Stks.	40	9,600	30	2,850	25	1,125
Semi-Invest. Com. Stks.					..	....
Savings Bank Reserve		1,000		500		500

THE individual who is the owner of a tidy sum of money, running into the thousands, may well experience a glow of satisfaction. Such is particularly the case with one who has gathered his dollars together by a process of systematic saving. But whether a fortune is acquired by individual effort or suddenly thrust upon one, the first feeling of independence which flows from its possession is, unfortunately, apt to be followed by a train of less pleasant emotions. The holder finds that it is one thing to have wealth, either in large or small amounts, and another to invest it wisely.

The recipient of an unexpected fortune is more likely to be assailed with doubts as to the best course of procedure than one who has arrived at his goal through thrift. In working out his program of periodic saving, the latter will probably have spent much time in determining the most effective ways for keeping his growing surplus employed. Doubtless his day dreams have already pictured the investment structure which he hopes to complete.

His object is, of course, to secure as large an income return on his principal as may be consistent with reasonable safety. He has discovered that Liberty Bonds, strictly gilt-edge bonds and savings banks will afford the highest safeguards for his capital. But the modest interest return yielded by these mediums leaves much to be desired. How, then, does he propose to manage his capital?

A peep at his plan would show so much set aside for investment in sound bonds to provide the foundation for future financial independence. Such and such a sum ear-marked for the purchase of preferred stocks of known investment standing, to give his list a larger average yield and, perhaps, leave a little room for enhancement of principal through market appreciation. And, lastly, when the fund available has grown sufficiently fat, a certain portion devoted to the better class common stocks to top off the list. Throughout his theoretic plan, we will observe that he has kept in mind the advisability of diversifying his holdings.

Just how his total capital will be divided between these various securities will depend somewhat upon the opinion of the individual. But while the percentage invested in bonds, preferred stocks and common shares may vary, experience suggests the advisability of adopting a definite plan of action in advance. The smaller the capital available, the greater the need for sticking close to shore. The man with $5,000 to invest is hardly justified in attempting as ambitious a program as one with five times that amount. Safety of principal is more essential to the former than high yield. But as his capital increases, the investor may, with propriety, assume a more aggressive policy.

The Illustration

The table herewith will illustrate the basic idea. For the $5.000 man, an investment in bonds totaling approximately 40% of his capital, after deducting $500 to provide a reserve for contingencies, seems suitable. The next 35% may then be used for investment in preferred stocks so that this sum, together with the 40% in bonds, will leave three-fourths of his capital in securities which are ordinarily free from wide market fluctuations. With the remaining 25% placed in high-grade, stable common stocks, a well balanced list will be had, if the funds are invested as outlined in the following pages.

The $10,000 investor may take on a few securities of less conservative nature and one or two more common stocks but should continue to exercise careful discrimination in making his commitments. The $25,000 man is justified in venturing more deeply into the semi-investment class, however, by virtue of the fact that, even with but 60% of his total capital invested in securities purchased primarily for income, he still has a very substantial back-log of stable investments.

But common stock selections, in any event, should be based less upon the speculative than the investment possibilities. The investor should include them among his holdings only because they afford a means for compensating one of the most serious disadvantages of fixed income producing securities, such as bonds and preferred shares. The fact that the fluctuating purchasing power of the dollar has worked a hardship upon the man whose capital is invested solely in the latter types is coming to be more generally recognized.

Since interest on bonds and dividends on preferred stocks are fixed, the income derived from them shrinks in buy-

(Please turn to page 169)

¶ ***See Next Two Pages for Actual Illustration of How to Invest $25,000—$10,000—$5,000***

How to Invest $25,000

Par Amount	BONDS Name of Issue	Mkt. Price	Cash Needed	Annual Income	REMARKS
$1,000	Laclede Gas Light 5½s, 1953	100	$1,000	$55	A mortgage lien on all of company's physical property subject an underlying issue. A strongly secured bond that has not fully discounted improving trend of earnings.
1,000	R. Hoe & Co., Inc., 6½s, 1934	102	1,020	65	First Mortgage bond of most important manufacturer of newspaper printing presses. Relatively stable earning power. Well protected security affording attractive yield.
1,000	Amer. Power & Light 6s, 2016	97	970	60	A direct obligation, not secured by mortgage but amply protected by very wide margin of earnings. Fixed charges earned more than 8 times over last year. Net steadily increasing.
1,000	Sinclair Pipe Line 5s, 1942	85	850	50	Also a direct obligation but entitled to good investment rating on basis of developed earning power. Company owned jointly by Sinclair Consol. and Standard of Ind.
1,000	New Orleans Tex. & Mex. 5½s, 1954	104	1,040	55	A high-grade issue secured by first lien on entire property of the road partly through deposit of collateral. Has high earning power.
1,000	Anaconda Copper 1st. 6s, 1953	100	1,000	60	Although earnings show considerable variation this general mortgage issue of leading copper mfr. and producer enjoys a sound rating and offers a good yield.
1,000	St. Louis So. West. 1st Term 5s, 1952	87	870	50	A sound and attractive bond with possibilities for some price enhancement. A lien on important terminals and mileage subject to certain underlying mortgages.
1,000	Beth. Steel Purch. Mon. 6s, 1936	91	910	60	Substantial equity in properties of Bethlehem Steel and securities of subsidiaries. Earnings in past 5 years have averaged more than 2.3 times interest charges.
1,000	St. Louis-San Fran. Pr. Ln. 4s, 1950	77	770	40	A first lien on approximately 40% of the road's mileage. Also secured by subordinate liens. Substantial increase in earnings in late years. A bond with good prospects.
	Total		8,430	495	Average yield on bonds, straight basis 5.87%.
	PREFERRED STOCKS				
10 shs.	Ches. & Ohio 6½% Cum. Conv.	107	1,070	65	High-grade investment issue yielding slightly better than 6.0%. Convertible into common stock share for share. Preferred dividend earned approximately 14 times over last year.
10 shs.	General Motors Corp. 7% Cum.	106	1,060	70	Very strong financial position. Earnings vary with changing conditions in motor industry but preferred dividends amply secured and issue is attractive investment.
10 shs.	N. Y., Chi. & St. Louis 6% Cum.	90	900	60	Seems out of line with investment issues of like calibre. Preferred dividend earned more than 4 times over in 1924. Attractive regardless of merger developments.
10 shs.	Amer. Smelt. & Refin. 7% Cum.	106	1,060	70	Regular preferred dividends paid without interruption since company was organized in 1899. A sound, well secured preferred stock yielding about 6.7%.
20 shs.	Philadelphia Co. 6% Cum.	46	920	60	A public utility preferred stock of established investment merit. Long, unbroken dividend record. Substantial equity in assets and earning power.
10 shs.	Amer. Water Wks. 1st 7% Cum.	100	1,000	70	Another preferred stock that seems to have possibilities for some improvement in market position. Entitled to sound rating on basis of showing in past few years.
	Total		6,010	395	Average yield on preferred stocks 6.57%.
	COMMON STOCKS				
20 shs.	Amer. Tel. & Telegraph	137	2,740	180	Rightly regarded as the premier investment common stock. Issues valuable subscription rights from time to time which enhance indicated dividend yield.
20 shs.	Illinois Central R. R.	112	2,240	140	Dividends never less than 4% since 1860. Present rate inaugurated in 1917 and being earned by substantial margin. Attractive investment common stock.
15 shs.	Internat'l Tel. & Telegraph	89	1,335	90	Developing international telephone field. Should have no difficulty maintaining present $6 dividend and may eventually pay more. Now yielding 6.7%.
10 shs.	American Tobacco	92	920	70	Primarily attractive as an investment purchase, offering relatively high yield which is about 7.6% at this price. Well established company, comparatively stable earnings.
10 shs.	Westinghouse El. & Mfg.	68	680	40	Second largest electrical equipment manufacturer. Strong company with good average earning power. Promising long pull semi-investment holding.
10 shs.	Endicott Johnson	66	660	50	Like Westinghouse Electric, an attractive common stock possessing investment qualities. Fairly stable record of earnings. Yields 7.6%.
10 shs.	California Packing	104	1,040	60	Current return of 5.8% on market price somewhat low but a strongly entrenched, well-managed company with good, long range prospects.
	Total		9,615	630	Average yield on common stocks 6.55%.
	Savings Bank Deposit		945	37.80	This amount to be left on deposit to provide for possible contingencies.
	Grand Total		$25,000	$1,557.80	

Annual income under the above investment plan would be $1,557.80 and the yield secured would be approximately 6.2%. Bond yields have been figured in the same manner as stock yields, without regard to maturity dates. If all bonds were held to maturity the net premium realized (that is the difference between face value and current market prices) would increase the indicated annual yield somewhat.

as stock yields, without regard to maturity dates. If all bonds were held to maturity the net premium realized (that is the difference between face value and current market prices) would increase the indicated annual yield somewhat.

How to Invest $10,000

Par Amount	BONDS Name of Issue	Mkt. Price	Cash Needed	Annual Income	REMARKS
$1,000	Laclede Gas Light 5½s, 1953..........	100	$1,000	$55	A desirable bond for a more conservative list due to relatively attractive return and steadily increasing margin of safety over interest charges.
1,000	R. Hoe & Co., Inc. 6½s, 1934.........	102	1,020	65	Inclusion of this issue gives list desired diversification, at same time increasing the average yield. Preferable in this case to other industrial bonds above.
1,000	N. Orleans Tex. & Mex. 5½s, 1954....	104	1,040	55	Probably the strongest issue in the group, adding to the stability of bond list without sacrificing good yield.
1,000	St. Louis-San Fran. Pr. Ln. 4s, 1950...	77	770	40	A sound bond for the investor with modest capital. Yields 5¾% to maturity.
	Total		3,830	215	Average yield on bonds, straight basis 5.62%
	PREFERRED STOCKS				
10 shs.	Ches. & Ohio 6½% Cum. Conv........	107	1,070	65	Has high investment merit. Conversion feature may have value at some later date but should not be considered as factor at present.
10 shs.	Amer. Smelt. & Ref. 7% Cum........	106	1,060	70	More likely to fluctuate in market value than other preferred stocks in this list but a sound issue nevertheless. Brings up the average yield.
15 shs.	Philadelphia Co. 6% Cum............	46	690	45	One of the higher grade preferred stocks which is still available on a fairly attractive yield basis, returning 6.5% at current prices.
	Total		2,820	180	Average yield on preferred stocks 6.38%.
	COMMON STOCKS				
12 shs.	American Tel. & Tel	137	1,644	108	For all practical purposes, as stable marketwise as a bond. May be considered the backlog for an investment list of common stocks.
10 shs.	Illinois Central R.R.	112	1,120	70	An old line railroad stock possessing sound investment qualities with possibility for larger dividend and improvement in market value ultimately.
	Total		2,764	178	Average yield on common stocks 6.49%.
	Savings Bank Deposit		586	23.44	The balance remaining after purchase of these securities should be kept in reserve for emergencies. Such reserve should not be less than $500.
	Grand Total		$10,000	$596.44	

Annual income under the above investment plan would be $596.44 and the average yield secured would be approximately 6.0%. Bond yields have been figured without regard to maturity dates, as in the preceding plan.

How to Invest $5,000

Par Amount	BONDS Name of Issue	Mkt. Price	Cash Needed	Annual Income	REMARKS
$1,000	Laclede Gas Light 5½s, 1953..........	100	$1,000	$55	This issue is well adapted to the needs of the small investor due to the equities, and earning power behind the issue.
1,000	St. Louis-S. Francisco Pr. Ln. 4s, 1950.	77	770	40	Sufficiently high-grade to warrant its inclusion in a list where safety is more to be stressed than high yield.
	Total		1,770	95	Average yield on bonds, straight basis 5.36%.
	PREFERRED STOCKS				
10 shs.	N. Y., Chi. & St. Louis, 6% Cum.......	90	900	60	Offers a very satisfactory return and has some room for price enhancement without unduly increasing the element of wide market fluctuations.
15 shs.	Philadelphia Co. 6% Cum.............	46	690	45	Has a longer record than the above stock and is, therefore, more thoroughly seasoned. Attractive security for the small buyer.
	Total		1,590	105	Average yield on preferred stocks 6.60%.
	COMMON STOCKS				
8 shs.	American Tel. & Tel.................	137	1,096	72	The man with a small sum to invest should not venture beyond this issue in the common stock field, particularly in view of the 6.57% yield here afforded.
	Savings Bank Deposit		544	21.76	The balance remaining after the above securities are purchased should be held as a reserve for emergencies. This sum should not be less than $500.
	Grand Total		$5,000	$293.76	

Annual income under the above investment plan would be $293.76 and the yield approximately 5.9%. Bond yields are figured without regard to muturity dates.

Will the Small Investor Be the Capitalist of the Future?

Public's Increasing Interest in Securities—What It Means

A MOMENTOUS change is underway in the distribution of industrial ownership. This is likely to be far-reaching in its consequences. Because of its comparative newness, the full significance of this revolutionary development cannot be fully measured as yet. Some of its causes and more immediate effects are already visible, however. The accompanying article discusses these from the standpoint of their bearing upon the position of the investor.

ARE great corporations gradually drifting into the hands of the masses? Has the day of public ownership of industry already arrived—that era which the socialist, the communist and the advocate of government control so enthusiastically picture as the beginning of the millenium? So it might seem, if we are to accept certain indications at their face value, for it is plain that an economic change of the greatest importance, rather a revolution, has been taking place in recent years.

That this revolution, which seems bound to be far-reaching in its ultimate effects, has not attracted more general notice may seem surprising. But like a great many fundamental changes in the existing order of things, it is proceeding very quietly. Familiarity with its more immediate effects has a tendency to obscure the broad significance of the movement, although it touches one of the oldest of social institutions, that of property ownership.

This change, so truly revolutionary in character, is being manifested in the growing trend toward public participation in security ownership and through such ownership, the gradual acquisition of an increasing share in business enterprises by the small investor, in other words, the masses. The most striking feature of this new order is that it seems destined to accomplish the very object that radicalism so ardently insists upon. The method of accomplishment differs in two respects, however. It is roundabout instead of violently direct, and it is proceeding by virtue of orderly economic progress with just and equitable results.

There is nothing complex or obscure in the methods by which it is being brought about. Even superficial comparison of the broad securities markets of today with the small caliber affairs of twenty, or even ten years ago, cannot but impress the observer with their altered character. The increase in public interest has been enormous. Were the opportunity given, an examination of the stockholders' lists of representative companies would reveal the same expanded public participation in the ownership of the securities themselves. It is obvious that there is a definite connection between these two developments. But the most astonishing thing about the whole matter is that Capital, the shining mark of radical attack, seems itself primarily responsible for encouraging this movement.

Perhaps Capital's solicitude for the public's interest in its affairs is as much a case of self-defense as a graceful yielding to the inevitable. For all practical purposes, we may consider the public utilities pioneers in the attempt to make small investors partners in their operations. The customer ownership plan of selling their stocks and bonds, was, clearly, adopted in the attempt to start a back-fire against the unceasing attacks of politicians. That the wider distribution of such securities has already resulted in a marked improvement in the public's attitude toward the utilities is sufficiently manifest. If carried far enough, it is bound to have an even more pronounced effect politically, for the true politician is ever alert to sense the trend of public opinion.

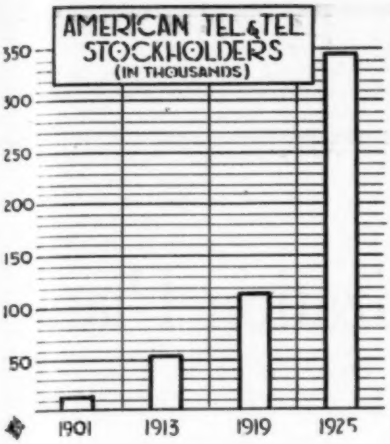
Employee ownership has followed logically in the wake of the customer ownership idea, although initiated for somewhat different reasons. Here capital has been actuated by the desire to soften the age-old conflict with labor by giving labor an interest in the business for whose success it is equally responsible. Obviously, the wage earner who receives a regular dividend check from savings invested in the securities of his company is bound to feel a sense of proprietorship. The friendliness which this engenders and the higher morale accompanying it are reflected in greater efforts devoted to his work and less agitation against his employers.

How far these respective movements will eventually go or what final economic changes they may bring it is difficult to predict. It is possible that both may be carried to extremes. Picture, for example, the case of a steel company, owned jointly by employees and consumers. Then visualize the rumpus that might be stirred up by the attempt of one group to vote an increase in wages and a counter move by the other to cut prices. The employees would resist the price-cut on the ground that it might tend to affect the company's ability to continue their wages. The consumers would object that higher wages would require an increase in steel prices and both would rightly complain that either step might result in a reduction of dividends!

This, manifestly, is a far-fetched illustration but it serves to emphasize the fact that reform movements may be subject to unforeseen abuses. There is certainly one phase of the employee ownership plan which the average wage earner would do well to take into careful consideration as having a real and immediate bearing on his welfare. So long as the securities offered him are of a stable, investment character, all should go well. But one who is employed in an industry that is subject to the varying vicissitudes of business in large degree might better risk at least part of his savings in other securities than those of his own company. For, should he lose his position by virtue of hard times, there would be the further possibility that, with all his funds committed to securities of that same enterprise, his outside income would stop, just when he would need it most.

These angles of increasing public participation in investments are, however, less important in a broad sense than the growing diffusion of ownership of corporations among the army of small investors. The latter have been absorbing stocks in the more stable enterprises for many years, particularly in the case of public utilities. Heretofore, however, the investor's interest in other enterprises has been more indirect and few among his number have actually realized to what extent their welfare was bound up in the stability and perpetuation of the existing industrial order.

The thrifty small investor, for instance, has regularly deposited a few dollars in the savings bank. Perhaps he has provided protection for his dependents by taking out adequate life insurance, which is commendable. Or, if he has done neither of these things, he may yet carry fire insurance on his



home, automobile or what not. Yet in spite of these he may have been guilty of lending a sympathetic ear to the misguided rantings of the socialist or communist who would divide all wealth among the masses. He has not realized that the ensuing crash would carry away the very industries in which the savings bank and the insurance company have invested his small savings and those of a multitude of other investors.

Perhaps no other single event has done more to promote the growth of public interest in securities and thus counteract the influence of radicalism than our entry into the world war. The intensive selling campaigns that accompanied the flotation of the various Liberty Bond issues introduced practically every man, woman and child in the land to investment securities, most of them for the first time. In the hectic days that followed, when the highest-grade security in the world sold at a 15% discount below par, people who had never before had any knowledge of financial markets, learned to scan the financial pages of the daily newspapers for the latest quotations on Liberty Bonds.

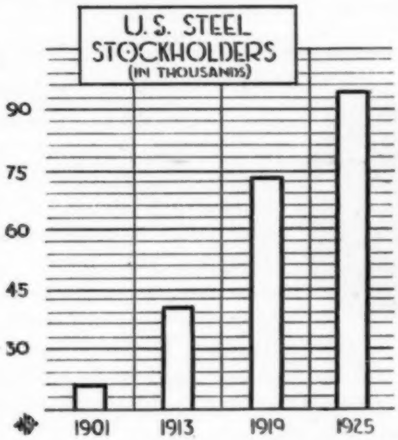
In the days of the elder Morgan, Harriman, et al, the great corporations of the land were practically owned outright by a certain few individuals. These corporations and the interests back of them too often incurred the opprobrium of the public, many times not without cause. The stock market of those "good old days" reflected less the true state of economic and financial conditions, at times, than it did the whims of those who had ulterior motives in manipulating prices. In many respects, there was good ground for regarding it as a gambler's paradise.

Broader Interest in Securities

The rapidly increasing public interest in securities and things financial in late years has modified all that. The old conception of the stock market must be altered. No doubt the penalty exacted from large incomes by virtue of heavy surtaxes, also an outgrowth of the war, has done much to further the movement which Liberty Bonds gave so much momentum. The securities formerly lodged in strong boxes of the few are now finding their way into the safe deposit vaults of the many. To raise needed capital, corporations have been compelled to appeal more urgently to the small investor for support.

The interest in securities thus further stimulated is reflected in many significant ways, other than those already touched upon. For one thing, the broadening scope and increasing participation of the public in the stock market has had a profound effect upon business. With the element of wholesale manipulation practically eliminated by the very magnitude of its listings, the market today is more truly capable of registering the trend of business conditions than before. Seldom is its barometric quality ignored, either in the periodic trade reviews or the comments of those interested in the trend of current economic events.

Business men in all walks now spread the morning newspaper over their breakfast cups of coffee to see



"what the market did yesterday." If it went up, the chances are that Mr. Business Man will breeze into his office with a cheery "Good Morning" for everybody and fall on easy prey to the first salesman who is fortunate enough to drift in at the psychological moment. Said salesman carries away a sizeable order on the crest of the communicated wave of enthusiasm and the business thus done, in its small way, goes to contribute to more favorable sentiment. What happens when the market goes down is too obvious to require comment. The consequences are sufficiently disagreeable without requiring that they be dwelt upon.

Multiply this typical business man many times and add the legion of other individuals who, for one reason or another, follow the market, and it is apparent that the public's expanded interest in securities may have a marked effect in creating reactions to stock market sentiment. Equally pronounced is the effect upon prices. It was formerly a comparatively simple matter to influence the whole list by manipulation of a few key stocks. Issues that gyrate erratically, now have but a limited influence upon the market. They are the stocks in which public participation is limited.

The famous Northern Pacific corner precipitated a panic. But even if the stringent regulations of the New York Stock Exchange were to fail entirely, a corner in the present day market attracts only momentary notice. Witness the Piggly Wiggly episode of comparatively recent memory. Public knowledge of stock market technique has increased with the growing diffusion of stocks and bonds. The result has been to give the stock market greater stability. Securities now move in closer harmony with conditions affecting the trend of business and earnings.

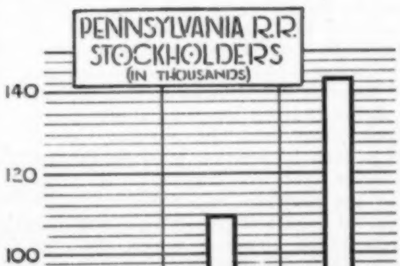
The Day of the Small Buyer

Stocks like Steel and Telephone are purchased by the small investor who is not easily dislodged from his holdings. Speculators who bend their efforts upon a campaign to advance or depress quotations leave such widely held stocks very much alone.

The investment buying that is attracted on breaks and the same sort of profit-taking on sharp bulges is too likely to enmesh the unwary manipulator. He must depend upon a movement of several points in one direction or the other, else his strategy fails.

There may be those who will mourn the passing of the "good old days", but they will not include the small buyer. Nor is it yet certain that the pure speculator is in danger of extinction for there will always be stocks in which the public holds little interest, whose supply is limited by control of some few individuals. These securities will doubtless continue to provide excitement for those who demand "action".

The sum and substance of the "revolution" in security ownership, from the standpoint of the average investor, may be stated in a sentence. In return for the more stable and, perhaps logical, character of the stock market he must pay the price of greater vigilance. It is no longer possible to know merely that the trend of the market is up, shut one's eyes and jump into "any old thing" in the expectation that it will follow the general market, as in the days of yore. Commitments must now be made with due consideration of intrinsic merit.



Railroads

Boston & Maine Railroad

Boston & Maine Reorganization Plan Meets Criticism

Should Company's Maturities Be Refunded Now? — Unusual Opportunity in Common

By NATHAN L. AMSTER
Chairman, B. & M. Stockholders' Committee

Mr. Amster, as Chairman of the Stockholders' Committee, has led the fight against the proposed capital reorganization of the Boston & Maine. His principal point is that instead of extending the bonds which come due during the next eight years, the company could have floated a short-term issue at lower cost. The article will be read with interest by railroad investors generally as well as those interested in this particular road's securities.

I CONTEND that the proposed Boston & Maine financial readjustments are entirely unjustified. It is true that the company, due to the past few years of poor earnings, has had to pay a higher rate of interest for the refunding of its maturing bonds than what the maturing bonds carry. In view, however, of the fact that only 4.6 millions of these maturities come due this year, it would have been more advantageous for the company to have sold a short-term bond, which it could easily have done under its existing mortgage indenture, than to have at this time decided to make provision for the extension of all its maturing bonds coming due between now and 1933, because the Boston & Maine has just begun to show the benefits of the ploughing into the property of about $50,000,000 during the past eight years, and the benefit from the increased rate division with its connecting trunk lines which the I. C. C. ordered last year.

It would have been more advantageous to the company had it issued this year 4.5 or 5 millions short-term obligations, even if it had to pay 6½% for money—and postponed taking care of future maturities as they came due. I figure that by the time these obligations come due, the company would have been in position to show the full benefits that are inuring to it from, (1) the increased rate division, (2) increased commutation rates, and (3) from other increases which the company is to receive on the new postal rate and new express rate as well as from its new Pullman contract and other rate realignments.

I figure that by 1926, the company will show earnings equal to twice its fixed charges. This naturally will change its credit to a point where it will easily be able to sell bonds to refund maturities at a low rate of interest. It therefore seems the height of folly to refund all the company's maturities coming due over a period of eight years, 1925 to 1933, at this time when it is just on the threshold of recuperation from its period of depression and low net earnings, all of which was primarily brought about by the increased labor costs resulting from the war and which bore so heavily on the Boston & Maine and New Haven due to their terminal character.

When the McAdoo wage increase was put into effect in 1918, the increased costs to the Boston & Maine and the New Haven was greater than to most of our other railroads because it takes more labor to handle the traffic on these two roads than on trunk lines or other roads that have longer hauls. When a road like the Union Pacific, New York Central or other important railroads load a car, they may haul it several hundred miles without the need of switching, spotting or unloading, whereas the New England lines may have to spot, switch or unload a car within a few miles of the point it is handed over to them. The same holds good on traffic originating on their own New England lines. These facts have been long recognized but there was no way of offsetting this increased cost.

When the Transportation Act of 1920 was framed, this point of excessive terminal expense was considered and provided for. The I. C. C. was accordingly empowered by the 1920 Act to make such rate division as they found equitable, taking into consideration the cost of labor, the cost of plant and the importance of service. It was under that provision that the I. C. C. set out to remedy this onerous condition and ordered a rate division that would be commensurate with cost of service and cost of labor. Increased rate division for the New England lines was ordered, equalling about 15% because of their terminal character.

Most of the railroads affected by this ruling instituted court proceedings to overrule this decision of the I. C. C. but the Supreme Court upheld them. Recently, one of the connecting lines of the Boston & Maine again petitioned the I. C. C. for a reopening of the case but the Commission dismissed it. It is now definitely understood that the Commission will not deviate from its decision that these New England terminal lines are entitled to special rates to offset their higher labor costs.

It is this increased rate division more than anything else that has changed the New England railroad situation, and accounts for the comeback in the price of New Haven stock from under $9 per share to its present price of over $30 per share and its bonds advancing from 25 to 30 points.

The reason why the Boston & Maine securities have not had a similar comeback is evidently due to the fact that Mr. Loring, chairman of the Executive Committee, promulgated his idea of the company's need of financial realign-

ment, which I claim is based on theory and not on facts. Boston & Maine, too, will receive from the increase in rate divisions an amount equal to about $3,500,000 a year net, which is equivalent to about 50% of the Company's entire annual fixed charges.

There have been theories held by some people not acquainted with the facts, that New England is losing its shoe manufacturing and textile industries, and that traffic on the Boston & Maine will grow less rather than increase. Facts, however, do not bear out these theories. While it is true that New England has lost certain classes of its coarse textile and coarse shoe manufacturing, it is also true that much of those losses are offset by the manufacturing of finer and higher grades and as will be seen by the company's annual reports, B. & M.'s traffic has made very substantial increases the past ten years, growing from 46.7 millions in 1915 to over 80 millions in 1924. Some may contend that 1915, being the first year of the war, is not a representative year; nevertheless that year was an average year, and as a matter of fact the largest gross business preceding 1915 was in 1913 when the company did a gross business of 49.2 millions. Prior to 1913, the average annual business was far below 46 millions per year. Therefore, the present earnings of over 80 millions certainly represents a very substantial increase in the Boston & Maine traffic over the past ten or twelve years.

Another very important fact in connection with the Boston & Maine, and one which should not be lost sight of because it is, after all, the greatest controlling factor in any railroad credit, is that the fixed charges of the Boston & Maine, including rentals, are today $1,000,000 a year less than in 1915, and $1,400,000 less than in 1913, although the company's revenue is over 30 millions larger today than in either of those years.

Even under the new proposed financial readjustment plan, the fixed charges and rentals of the Boston & Maine will not substantially increase although there will be a slight increase of $51,000 this year and $100,000 in 1926 and $50,000 in 1927. The reduction, however, which is sure to come from a lowering of interest rates by the Government will not only offset this $200,000 a year increased charges, but by some $400,000 a year besides. That is, the Government holds 48 millions of the Boston & Maine bonds on which it charges 6%. If this rate is reduced as contemplated to 4½% it will save the company approximately $700,000 a year in the interest rate charges—in other words, the Boston & Maine will have $500,000 less interest charges a year after the proposed financial readjustment is put into effect than it has today.

I previously pointed out the many benefits inuring to the company from increased rate divisions from postal, express and new Pullman contracts, but another very important saving to the Boston & Maine will come from the abandonment of many of its branch lines which have become entirely unnecessary to the communities they serve because of the excellent system of macadamized highways and the present use of automobiles and trucks. I figure that the abandonment of three or four hundred miles of the company's branch lines will save it in taxes and operating expenses over a million dollars a year net.

The government's tentative valuation on property brought up to 1924 is $288,000,000, and the company's entire capital issue is only $222,000,000 leaving a property value of over $66,000,000 in excess of all its capital issues, so that after allowing par for all the bonds and preferred stocks it figures a property value of over $260 per share for Boston & Maine common stock.

The company is very strong in cash working capital. On the first of January it had approximately $10,000,000 excess current assets over liabilities, as against less than $1,000,000 excess assets over liabilities a year ago. On April first this year, the company had no bank loans and over $6,000,000 in cash after having cared for its January interest charges.

Contrary to the general theory, Boston & Maine property is in excellent physical shape and its equipment has never been in better condition than at the present time. Aside from the fact that the company could use some money for the improvement of its Boston terminal, which promises to yield very handsome returns on the amount expended, there is hardly any place where Boston & Maine could today beneficially use very large sums of money.

Boston & Maine earned in 1924 over $2,250,000 above its fixed charges and rentals and that is equal to over 90% of the dividend requirement for all its preferred stocks. Many of the company's rate adjustments with its connecting trunk lines are still to come. Taking those into consideration, the improved outlook for business and with better traffic control which the company now has, 1925 promises to be a banner year for the Boston & Maine and unless something unforeseen happens the company should earn this year interest charges, full dividends on its preferred stocks and about $4 per share on its common, the latter selling at around 15 on the Boston Stock Exchange.

With respect to railroad consolidations, it seems very probable that the four Eastern trunk lines, New York Central, Pennsylvania, Nickel Plate and B. & O. will have agreed on their plans before very long and then the New England lines consolidation will come into the light. My own feeling is that the logical trunk line to take over the Boston & Maine is the New York Central, but an alternative plan of consolidation has been suggested: namely, that the New England lines be consolidated into a New England system and that the four trunk lines hold an equal interest in them either through purchase or through leasing.

In either event Boston & Maine is in a very enviable position on account of its low bonded indebtedness, its low capitalization and its large excess of property value which must prove an important factor in any consolidation.

Principal Features of Boston & Maine Reorganization Plan

1. 42.7 millions general mortgage bonds extended 15 years, with interest rates unchanged until present maturity dates 1925-1932 inclusive: thereafter, at 5%.

2. Issue of new 13 millions 7% prior preference stock, offered primarily to existing stockholders, on following terms:

- ***(a) $12 par value prior preference stock for each share first pfd.***
- ***(b) $15 par value prior preference stock for each share of pfd.***
- ***(c) $20 par value prior preference stock for each share of common.***
- ***(d) Pro-rata conversion 1st pfd. issues into new prior preference; conversion old 6% preferred into 115% of new common; equal conversion old common into new common. Penalties attached for non-subscription to new prior preference.***

3. Concessions expected from Government on 48.6 millions 6% bonds.

A Railroad Resurrection

Remarkable Comeback of Seaboard — Underlying Improvement — Position of the Road's Securities

By JOSEPH M. GOLDSMITH

THE Seaboard Air Line which has its northern terminus at Richmond, Va., is one of the two roads connecting the Middle Atlantic States with Florida. The other is the Atlantic Coast Line which operates in substantially the same territory and is the Seaboard's main competitor. The Seaboard's line follows the coast rather closely and passes through Charleston, S. C., Savannah, Ga., and Jacksonville, Fla. Part of the system also runs westward through Atlanta, Ga., to Birmingham, Ala., the steel center of the South.

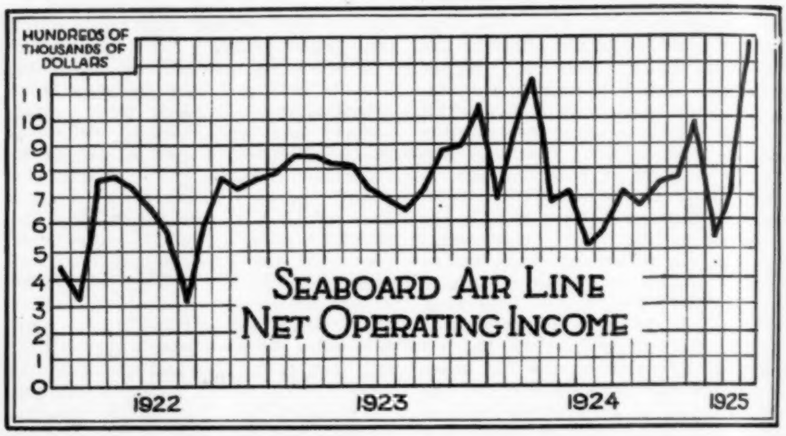
The tier of southern states which its lines traverse has made remarkable progress during the past decade. The South has developed both agriculturally and industrially. Railroad traffic in this section has increased greatly in recent years. Although cotton still remains the big money crop the introduction of diversified farming has proceeded on a large scale. The absolute dependence upon a single crop, which was the weakness of the old South, is gradually disappearing.

The production of vegetables for the northern market has aided agricultural development, especially in the Carolinas and in Florida. This class of freight which is hauled long distances is very profitable for the railroads. The output of citrus fruits in Florida has increased phenomenally in the last few years. Florida is having a tremendous real estate boom. Values have doubled and trebled in a short space of time and the volume of new construction is now running about twice what it was a year ago. The transportation of these building materials has furnished a great deal of traffic for the roads serving Florida.

Although the South is still primarily an agricultural district its industrial development has been going on at a rapid pace. The increase in the manufacture of cotton goods has been particularly notable. The South is supplanting New England as far as the manufacture of the coarser grades of cotton fabrics is concerned. Despite the progress that has been made industrial development is still in its infancy.

The Florida, Western & Northern

The year 1924 witnessed the completion of the Florida, Western and Northern RR. which gave the Seaboard its own line to the east coast of Florida. The building of this road had been contemplated by the Seaboard for some time but the war and the difficulties of raising the necessary capital delayed its construction for many years.



This line is leased to the Seaboard for 999 years and was financed through the sale of bonds guaranteed by the Seaboard. It runs from a town in Florida called Coleman to West Palm Beach, cutting right through the center of the state and establishes a direct line from Tampa on the west coast to Palm Beach on the Atlantic. As a result, it has opened up a great deal of land which was formerly of no value due to the lack of transportation facilities and should aid in the development of this section of Florida. It should prove a valuable feeder to the Seaboard in future years.

Unlike most roads the Seaboard Air Line reaches its traffic peak in the winter months. The through passenger traffic to and from the Florida resorts takes place at this period and is an important source of revenue to the road although passenger revenues comprise less than 20% of the total operating revenues. The fruit and vegetable traffic is also at its height during the winter. It is in the months from November to March inclusive, that the greater part of the net operating income is derived.

Recent Financial History

The present position of the Seaboard Air Line cannot be fully appreciated unless one reviews its financial record during the last few years. At the conclusion of the Federal Control Period, it was extremely doubtful whether the road would be able to maintain its solvency. Its equipment was entirely insufficient and most of that which it possessed was in a bad state of repair. Traffic was very light due to the long and severe depression in the South which followed the war.

Revenues were low and operating conditions were so bad that there could be no effective control over expenses. In 1921 even including about $1,500,000 received from the Government as compensation accrued from the period of Federal control the road failed to earn its fixed charges.

Although traffic picked up somewhat in 1922 and operating expenses were reduced the year resulted in a net loss. The shortage of equipment entailed such great expense to the road that there was a deficit after the payment of interest on the company's bonds of over a million dollars.

In view of the fact that the Seaboard's cash position had never been especially good this drain on its liquid capital could not continue much longer. Many railroad authorities could see no hope for the property and agreed that recourse to a receivership was the only alternative. Its securities sold down to a receivership basis for in the event of a reorganization it appeared that some of the junior securities would be virtually wiped out.

Recovery of Earnings

In 1923, the South definitely emerged from the state of depression which had existed for several years and railroad traffic and revenues of the southern roads rose very rapidly. The Seaboard's operating revenues were $52,249,000 in 1923 compared with $45,-

Percentage of Equipment Unserviceable

	Locomotives %	Freight Cars %
March, 1923	23.9	19.6
April	22.2	21.3
May	20.2	21.9
June	20.9	25.1
July	19.6	21.6
Aug.	16.1	18.4
Sept.	12.3	17.2
Oct.	16.1	15.4
Nov.	16.3	14.0
Dec.	18.4	12.6
Jan., 1924	16.5	4.8
Feb.	15.9	5.2
March	14.3	5.8
April	17.8	6.1
May	11.1	7.7
June	11.7	7.3
July	10.5	7.0
Aug.	17.8	6.7
Sept.	17.6	6.3
Oct.	15.6	5.4
Nov.	14.7	4.5
Dec.	16.1	4.4
Jan., 1925	14.3	3.9
Feb.	12.5	3.2

679,000 in the previous year and $42,844,000 in 1921. Expenses rose somewhat as a result of the heavier traffic, but by no means proportionately and net operating income was much larger. The year resulted in a net surplus after all obligatory fixed charges of $2,272,000 which presented a decidedly different picture from that of the preceding years. It was apparent that the road was regaining its earning power and financial difficulties which had appeared imminent a year before were now very remote indeed.

An analysis of the Seaboard's earning statement for 1924 shows how complete the recovery has been. Gross revenues again showed an increase over those of the preceding year but this time a rather moderate one. Operating expenses rose *pari passu*, but the whole of the increase was absorbed by larger maintenance expenditures. In spite of the heavier traffic moved the amount consumed by transportation, which represents the cost of actually performing the service, declined.

The increased sums spent on maintenance have greatly improved the condition of the property. In February 1925, only 12.5% of the road's locomotives and 3.2% of its freight cars were unserviceable. These are very low percentages and are below those of all but a few roads. Compare these figures with those of the Seaboard in the early part of 1923 and the difference is quite striking. In March of that year, 23.9% of its locomotives were unserviceable while in June, 1923, of the total freight cars on the line 25.1% were in need of repairs. The fact that the improved condition of the road's equipment has made possible more economical operation scarcely needs discussion.

When a freight car is on the lines of a road other than the owner, the line must pay for the use of the car on a per diem basis. The balance due other roads on this account goes into the income statement as rent of equipment. In past years this has been a very considerable item on the Seaboard's income account.

In 1922, the amount paid to other roads as equipment rental reached the sum of $2,991,000. The company's shortage of serviceable equipment was so acute that it was necessary to keep the cars of other roads and pay them this enormous rental. Since then the Seaboard has rebuilt a great deal of its old equipment and placed it in serviceable condition and has purchased considerable new rolling stock. As a result the balance payable to other roads has declined and in 1924 was only $412,000. This saving of over $2,500,000 on this item in the space of two years has largely contributed to the Seaboard's improved showing.

Seaboard Adjustments

Besides its fixed interest bearing debt the Seaboard has outstanding an issue of $25,000,000 Adjustment bonds. Interest on them is not strictly a fixed charge as it does not have to be paid unless earned. It is cumulative at the rate of 5% so that in case it is not paid in any particular year the back interest must be liquidated before any dividends can be paid on any of the company's stock.

Between February 1, 1921 and February 1, 1924 no interest was paid on these bonds due to the unsatisfactory state of the road's finances. On February 1, 1924 payments were resumed and have continued at the rate of 2½% semi-annually since that date. There is now 12½% back interest on this issue. In 1924 there was a surplus after all charges of $1,828,000. It is not improbable that if earnings continue large, some attempt will be made in the course of time to pay off this back interest. Until such time the stockholders cannot receive any return on their investment.

The Outlook

The outlook for the Seaboard Air Line appears brighter at this time than it has at any previous period in the road's history. The present satisfactory earnings are due not alone to an improvement in operating conditions, but also to a vast change for the better in the agricultural and industrial situation in the territory which the company serves. Over a period of years the traffic may be counted upon to increase appreciably and with the larger volume of business should come a corresponding increase in earnings. *There is ample basis for confidence in the road's future, and the rise in the company's securities, from a long-range viewpoint, was not only justified but probably has not yet measured the company's possibilities.*

Bonds

What Opportunities in South American "Dollar Bonds"?

Not All Is Glory in South America —What the Investor Should Know

SOUTH AMERICAN affairs have attracted little public or financial attention in the United States since 1922. Most of the South American dollar bonds listed on the New York Stock Exchange were issued either in that or the previous year, and only the Argentine has tapped our credit surplus extensively since 1922.

Realizing that sudden cessation of interest, a prospective investor looking toward our neighbors to the south, would be likely to ask two questions. Has the interruption in the flow of funds to South America been due to developments there which have made investment unattractive, and is there probability that the eye of American finance will again be turned southward?

The answer to the first question is obviously in the negative. Economically there has been steady progress throughout South America during the past two years, due partly to the same forces which have brought increasing prosperity to nations the world over which produce foodstuffs and raw materials. Fiscally there has been great advance in some cases, but in others governmental finances have stood still, owing to refusal to institute ameliatory measures necessary after the flood of war profits had ceased.

Politically some improvement has been noted, though Brazil and most of the equatorial states are still unsatisfactory in that respect. However, astute American observers have begun to view South American revolutions in a somewhat cynical light. During this generation, the "ins" have always been careful to consider the interests of London and New York before making any financial reorganizations. The outbreak of the war was the cause of some defaults in interest and sinking fund but there has been no such thing as repudiation in any of the large states.

As to whether this market will again turn some of its resources southward, the affirmative answer is a corrolary to the cause of the present lack of intest. For the past two years, European affairs and European financial requirements for reconstruction have been monopolizing the attention of investors who favor foreign securities. European nations and industries have been bidding against each other for credit here and have been paying prices that will mean heavy burdens in the years to come.

That condition is both temporary and unnatural, and there are indications of a gradual realization of that fact here. Europe before the war was a creditor continent which drew much of its resource from exploiting less developed regions, and its present urgent demand for capital at high prices will last only a few years. United States was a debtor nation which had little more than a casual interest in Europe's scramble for foreign markets. Today the United States is a creditor and must find profitable use for its surplus wealth. The money we are pouring into Europe, is going to countries which are bending every effort to bring their industrial and capital developments to the point where commercial domination of the under-developed regions can be regained.

South America is the most natural repository for our surplus, and eventually would probably prove the most profitable. But we are almost ignoring its potentialities, and instead are assisting our natural competitors in enabling themselves to make an early bid for the best foreign markets. It is significant that while American banks have relinquished many of the branches established in South America during and after the war, German banks have been successful in establishing themselves there in almost pre-war strength.

Street Scene in Rio de Janeiro

Dollars are certain to play an increasingly important role in South American development. Aside from the natural desirability of further economic penetration there, the huge potential supplies of basic raw materials make it practically necessary. Of course, in the more backward countries, the small investor cannot be the pioneer. Large financial interests must take that risk.

Of the ten South American countries, seven have offered dollar obligations to American buyers. In order of their credit rating, based on current prices of their bonds in New York, they are Argentine, Uruguay, Chile, Colombia, Peru, Brazil and Bolivia. None of the prices, of course, are exact comparative criteria for rating, least of all in the case of Colombia, whose only issue is small in size and is due for payment in 1927.

An analyst of South American dollar bonds can profit little by comparison of similar statistics of the various countries. By that method he would be making the same mistake as the usual American, who classes the entire continent as one group, with only minor surface differences, and capable of being knit, after further political and social development, into a compact union similar to the United States. Such a view is entirely erroneous. The white stock in South America sprang largely from Spain and Portugal, it is true, but wide variations in such phases as climate, resources, and admixture of Indian and negro strains in the population, make cohesion more difficult than it would be in either Europe or North America. Consideration of bond values and prospective values necessitates a separate study of the issues of each country.

The accompanying table lists the principle South American dollar issues offered and outstanding in this market.

In addition to those issues, a few minor descriptions have been placed here, and there is a fair market in

certain Argentine, Bolivian and Brazilian sterling and gold bonds. A few short-term dollar bond issues, and $35,000,000 in Argentine short-time paper have been sold in New York.

Of the issues listed in the table, practically all are dealt in on the New York Stock Exchange, the exceptions being the Peru 8s, the Medellin 8s, the San Paulo City 6s, which are dealt in over the counter, and the Bogota 8s, which are listed on the New York Curb Market.

A detailed analysis of each of the important floations is beyond the purpose of this discussion. In such a general survey of an intricately detailed subject, a description of a few of the salient features of the issues, and a short sketch of the credit basis of the important countries concerned, must serve to some degree as a reintroduction of the investor to South American securities. In considering their purchase, the investor will do well to remember that, unlike the European nations which have been paying high prices for American credit, South American countries are practically all in a state of partial development which naturally leads to high return on capital. Hence, there is not the probability that South American bonds will be refunded at lower interest rates when world credit conditions return to normal.

Many of the bonds listed above have interesting and important redemption, security and sinking fund features. Thus the Argentine 6s carry a sinking fund of ½% plus interest on bonds bought with the proceeds. Sinking fund can be increased at the option of the government and bonds redeemed by lot through sinking fund purchases. Annual service on the Bolivian 8s is 10% of the maximum issued, and funds remaining after payment of interest are placed in a sinking fund for purchase under 105. The issue cannot be called until 1937, and is secured by ample specific revenue, whose collection is in charge of a committee the majority of which is nominated by the bankers who floated the loan.

The Brazilian 8s are uncallable, an unusual feature in securities with such a high fixed yield, and have a $625,000 sinking fund with which to purchase bonds at 105 or under. The Brazilian 7s are uncallable for 15 years, and thereafter only to the amount of capital in the sinking fund, which is .6% during the first fifteen years if the bonds are selling below par, and sufficient after that period to retire the issue by maturity. Both issues of Chilian 8s carry a 4% sinking fund for purchase in the open market or redemption at 110 until 1931 and 105 thereafter, whichever is the most favorable. Both issues are callable in part or as a whole at substantial premiums. The Chilian 7s of 1922 are not callable except to the extent of cash in the sinking fund, which is 2% annually. Service on the Colombian and Peruvian issues is sufficient to take care of interest requirements and to redeem or buy back the issues by maturity. Most of the city and provincial dollar issues have similar provisions with even closer supervision of revenues assigned for service of the bonds.

The Argentine Republic

The Argentine has always been the heaviest borrower of foreign funds among the South American nations, and in credit rating it ranks at the top of the ten republics. Estimates of foreign capital invested in Argentine have run as high as $4,500,000,000, though the total is thought to be considerably below that now. The total represents foreign holdings of both internal and external obligations of the government and heavy foreign participation in Argentine industry. The greater part of it is British, while American participation can be estimated at around $450,000,000.

There is reason to believe that Argentine credit will improve in the year's immediately ahead. No great demands from the government or industry for foreign capital are expected, and the past two years have brought great improvement in the fiscal, financial and economic positions. The Argentine government has failed to pay its way each year since 1908, due to inadequate taxation and heavy expenditures for public improvements, but the 1924 deficit was much smaller than customary and persistent efforts are being made to end the long series

(*Please turn to page* 167)

Principal South American "Dollar" Issues

Government Issues

Division	Dates	Issued	Issue price	Present price	Yield
Argentine 6s	1923-57	$40,000,000	96½	96½	6.25%
Argentine 6s	1924-58	30,000,000	96½	96½	6.25
Bolivia 8s	1922-47	29,000,000	93-101	93	8.70
Brazil 8s	1921-41	50,000,000	97½	98½	8.16
Brazil 7s	1922-52	25,000,000	96½	82½	8.70
Chile 8s	1921-41	24,000,000	99	109	7.12
Chile 8s	1921-46	10,500,000	99½	109	7.16
Chile 7s	1922-42	18,000,000	96½	101½	6.83
Columbia 6½s	1922-27	5,000,000	98	100	6.50
Peru 8s	1922-32	2,500,000	100	100	8.00
Uruguay 8s	1921-46	7,500,000	98½	109	7.15

City and Provincial Issues

Division	Dates	Issued	Issue price	Present price	Yield
Buenos Aires, Arg., 6½s	1924-55	$8,490,000	96½	96½	6.77
Bogota, Col., 8s	1924-45	6,000,000	98	94¼	8.60
Medellin, Col., 8s	1923-48	3,000,000	98	98	8.20
Montivideo, Uru., 7s	1922-52	6,000,000	97	92	7.70
Porto Alegre, Brazil, 8s	1921-61	3,500,000	99	94½	8.50
Rio de Janeiro 8s	1921-46	12,000,000	97¾	94¼	8.60
Rio de Janeiro 8s	1922-47	13,000,000	103	93½	8.67
San Paulo 6s	1919-43	8,500,000	95½	100	8.00
San Paulo 8s	1922-52	4,000,000	100	79½	8.20
San Paulo (State) 8s	1921-46	10,000,000	99½	95½	7.98
Rio Grande do Sul (State) 8s	1921-36	9,961,000	97½	100¾	8.47

BOND BUYERS' GUIDE

(Bonds listed in order of preference)

HIGH GRADE

(For Income Only)

Non-Callable Bonds:	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Great Northern Genl. 7s, 1936....(c)....	108¾	5.95	2.85
Atlantic & Danville 1st 4s, 1948....(a)....	79½	5.60	....
Western Union Telegraph Co. 6½s, 1936....(a)....	111⅜	5.10	e 1.75
New York Edison Co. 6½s, 1941....(b)....	114¾	5.15	3.30
Chicago & Northwestern 7s, 1930....(b)....	107	5.36	1.80
Delaware & Hudson 7s, 1930....(b)....	108⅛	5.05	2.10
New York Dock Co. 4s, 1951....(a)....	80½	5.40	2.70
Callable Bonds:			
Armour & Co. Real Estate 4½s, 1939....(a)....	89	5.60	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953....(c)....	101½	5.40	1.41
Canadian General Electric deb. 6s, 1942....(a)....	107⅝	5.35	g 2.80

MIDDLE GRADE

(For Income and Profit)

Railroads:	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Cuba R. R. 1st 5s, 1952....(a)....	86	6.05	2.45
St. L. & S. F. Prior Lien 4s, 1950....(c)....	77⅝	5.70	1.25
Western Pacific 1st 5s, 1946....(c)....	95	5.40	2.40
New York, Ontario & Western Rfd. 4s, 1992....(a)....	70	5.80	2.00
Missouri Pacific 1st & Rfd. 6s, 1949....(b)....	101½	5.90	1.20
Baltimore & Ohio Convertible 4½s, 1933....(b)....	93½	5.50	1.35
Baltimore & Ohio Rfd. 5s, 1995....(b)....	89½	5.60	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962....(c)....	94⅝	5.30	1.10
Boston & New York Air Line 4s, 1955....(a)....	72	6.00	....
Kansas City Southern Rfd. and Imp. 5s, 1950....(a)....	92	5.60	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931....(a)....	103¼	5.75	1.50
Rutland R. R. 1st 4½s, 1941....(a)....	84⅝	6.00	1.75
Industrials:			
South Porto Rico 1st Mtg. and Co. 7s, 1941....(b)....	104¾	6.50	2.20
Sinclair Pipe Line 5s, 1942....(b)....	85½	6.50	g 2.50
Goodrich, B. F., Co. 1st 6½s, 1947....(b)....	105	6.10	e 2.40
California Petroleum Corp. 6½s, 1933....(c)....	103	6.00	4.80
International Paper Co. 5s, 1947....(a)....	90½	5.75	3.50
U. S. Rubber 5s, 1947....(c)....	86⅝	6.10	2.05
Bethlehem Steel Co. 5s, 1936....(a)....	91½	6.10	f 2.30
Armour & Co. of Del. 1st 5½s, 1943....(c)....	92½	6.20	....
Anaconda Copper Mining Co. 1st 6s, 1953....(b)....	99⅞	6.00	g 1.25
Union Bag & Paper Co. 6s, 1942....(b)....	95½	6.40	f 4.40
Public Utilities:			
Manhattan Railway Cons. 4s, 1990....(a)....	61⅜	6.60	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934....(c)....	95⅞	5.60	2.40
Ohio Public Service 7s, 1947....(c)....	108¾	6.25	f 2.00
United Fuel Gas 6s, 1936....(b)....	100	6.00	e 7.00
Virginia Railway & Power 5s, 1934....(a)....	98¼	5.25	2.00
Hudson & Manhattan Refunding 5s, 1957....(c)....	91⅛	5.60	2.60
American Gas & Electric 6s, 2014....(c)....	97	6.20	2.00
American Power & Light Deb. 6s, 2016....(c)....	95	6.35	3.00
Kansas Gas & Electric 6s, 1952....(b)....	101⅛	5.90	1.80
Havana Elec. Ry. Light & Power 5s, 1954....(a)....	88	5.80	5.00
Commonwealth Power Corp. 6s, 1947....(c)....	101¼	5.90	4.50
Manitoba Power Company 7s, 1941....(c)....	103	6.75	....

SPECULATIVE

(For Income and Profit)

Railroads:	Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Chesapeake & Ohio Conv. 5s, 1946....(b)....	105	4.65	1.65
Erie Genl. Lien 4s, 1996....(b)....	64¼	6.30	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1955....(c)....	91½	6.65	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967....(c)....	86¼	5.90	1.10
International Great Northern Adj. 6s, 1952....(c)....	73½	6.05	....
Chicago Great Western 1st 4s, 1959....(a)....	64⅜	6.70	0.85
Western Maryland 1st Mtg. 4s, 1952....(a)....	66⅝	6.70	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934....(c)....	87¼	6.40	....
Industrials:			
Pan Amer. Petroleum & Transport Conv. 6s, 1934....(c)....	112	4.35	25.00
Cuba Cane Sugar 7s, 1930....(c)....	96	7.95	2.15
International Mercantile Marine 6s, 1941....(b)....	88¾	7.10	2.50
American Agricultural Chemical Co. 7½s, 1941....(b)....	100⅞	7.40	....
Warner Sugar Refining Co. 1st 7s, 1941....(c)....	96	7.45	....
Public Utilities:			
Empire Gas & Fuel 7½s, Series "A" 1937....(c)....	103⅝	7.05	3.30
Brooklyn-Manhattan Transit 6s, 1968....(c)....	87½	6.90	f 1.50
Chicago Railways 1st 5s, 1927....(a)....	77	16.00	1.08
Hudson & Manhattan Adj. Income 5s, 1957....(b)....	75¾	6.90	2.00
Interboro Rapid Transit 5s, 1966....(a)....	66	7.75	0.90
Third Avenue Railway Rfd. 4s, 1960....(b)....	57	7.50	i 1.35

‡ Callable in 1936. ¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operations of railroads.

(a) Lowest denom., $1,000. (aa) 1922. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

BONDS

Spectacular Advances in Public Utility Issues

THERE was no change in the character of the bond market during the past two weeks. United States Government loans were firm at the high levels, but other high-grade investment bonds were little changed. Here and there there were some fractional recessions in price balanced by similar small advances for other issues.

The middle-grade division, in view of the continued advance, did very well. St. Louis-San Francisco Railway bonds continued their advance, all issues, including the adjustment mortgage and income 6s, showing substantial advances. Western Pacific first 5s gained four points. As predicted in our last issue, the new offering of Missouri Pacific first and refunding 6s was quickly absorbed and quotations again mounted to under a 6% basis. In the more speculative divisions, good gains were recorded by the Missouri, Kansas & Texas adjustment 5s, International & Great Northern adjustment 6s and Seaboard Air Line adjustment 5s.

Activity in Utility Bonds

Public utilities were very active and a number of important gains were made. Standard Gas & Electric convertible debenture 6½s soared to above 126, due to the advance in quotations for the stock into which the bonds are convertible. Local utilities were in demand at rising prices, especially the Hudson & Manhattan refunding and adjustment 5s, which have been selling out of line with their natural market position, in view of the earning power developed by the company. Virginia Railway & Power 5s were up two points and Laclede Gas Light 5½s sold at 101½.

Industrials were quiet, but a number of good advances were recorded. Virginia-Carolina Chemical issues were strong, as were the American Agricultural Chemical 7½s. Sugars were practically unchanged, with exception of the Warner first 7s, which sold at 96. Pan American convertible 6s led the oils, gaining two points.

Investors continue to search for issues holding out possibilities of enhancement of principal, as well as satisfactory income, whereas institutional buying of the high-grade bonds proceeds at present levels, but this demand has not caused any material advance in prices for this character of securities. We still feel that careful selection of middle grade and semi-speculative issues will be productive of the best results.

The next issue will contain a comprehensive review of Convertible issues, bonds and preferred stocks. The list will be limited to the most attractive of these issues.

THE TREND IN LEADING INDUSTRIES

	SUPPLY OF BASIC ELEMENTS				COST OF PRODUCTION				DEMAND			OUTPUT		PRICES		PROFITS
	Labor	Raw Materials	Fuel	Transportation	Labor	Materials	Fuel	Transportation	Unfilled Orders	Stocks on Hand	Shipments	Raw Products	Finished Products	Raw Products	Finished Products	Of Leading Companies
STEEL	Ample	Ample	Ample	Adequate	Unchanged Cuts Not Likely In Near Future	Somewhat Lower	Lower	Lower in Some Districts	Steady Decline	Gradual Reduction	Slight Decline	Large Reduction	Large Reduction	Steady Decline	Steady Decline in Most Lines	Will Be Less in Second Quarter
COAL	Ample	Ample	—	Adequate	Too High at Union Mines	Somewhat Lower	—	Unchanged	At Low Point	Fairly Large	Slight Decline	Many Mines Shut	—	At Bottom	—	Very Poor in Union Mines
BUILDING	Ample	Ample	Ample	Adequate	Still at Peak	Somewhat Lower	Lower	Unchanged	Building Permits Still Large	—	—	—	Increase in Building Operations	—	Still at Peak	Speculative Building Risky
OIL	Ample	Ample	—	Adequate	Unchanged	Somewhat Lower	—	Unchanged	Seasonal Increase	Fairly Large	Increase	Slight Increase	Increase	Mixed Possibly Lower	Mixed Probably Lower	Fair With Moderate Up Trend
COPPER	Ample	Ample	Ample	Adequate	Too High in Some Places	Somewhat Lower	Lower	Unchanged	Decrease	Quite Large	Decrease	Decrease	—	Stabilized at Low Point	—	Fair Only for Low-Cost Mines
CHEMICALS	Ample	Ample	Ample	Adequate	Unchanged	Somewhat Lower	Lower	Unchanged	Increase	Not Large	Increase	Increase	Increase	Probable Increase	Probable Increase	Improving
TEXTILES	Ample	Ample	Ample	Adequate	More Reductions	Cotton Up Others Unchanged	Lower	Unchanged	Mixed Generally Poor	Not Large	Slight Decrease	Cotton Probably Less	No Change Likely	Cotton Higher Others Unchanged	No Change Likely	Poor. Good in Artificial Silk
AUTOMOBILES	Ample	Ample	Ample	Adequate	High	Somewhat Lower	Lower	Unchanged	Seasonal Increase	Not Large	Increasing	—	Slight Decrease	—	Mixed More Price Cuts	Quite Good Generally
TIRES	Ample	Ample	Ample	Adequate	High	Rubber Higher	Lower	Unchanged	Seasonal Increase	Not Large	Increasing	—	Increase	Higher	Higher	Quite Good Generally
LEATHER	Ample	Ample	Ample	Adequate	Unchanged	Unchanged	Lower	Unchanged	Mixed Shoes Better	Not Large	Slight Increase	—	Slight Increase	Unchanged	Unchanged	Slightly Better
PAPER	Ample	Ample	Ample	Adequate	Unchanged	Unchanged	Lower	Unchanged	Decrease	Not Large	Increasing	—	Increase	—	Unchanged	Slightly Better
TOBACCO	Ample	Ample	Ample	Adequate	Unchanged	Unchanged	Lower	Unchanged	Decrease	Not Large	Increasing	—	Increase	—	Unchanged	Good in Cigarettes Cigars Fair

Public Utilities

Electric Bond and Share Securities Corp.

A Far-Flung Light and Power Organization

The Story of Electric Bond and Share—Its Vast Ramifications and Complicated Capital Structure — Position of Its Securities

By ARTHUR T. JACKSON

A VEIL of mystery is slowly being lifted from a corporate giant of the light and power industry. Electric Bond and Share has long been a familiar name in the electrical field but certainly not elsewhere. Very little information has ever been made available to the general public. The company was formed in February, 1905 by General Electric for the purpose of promoting the growth of the electrical industry by assisting in the establishment of public service enterprises. At that time, three very definite things were needed in the public utility division of the electrical industry—engineering skill, co-ordination of activities and an adequate supply of capital.

Under the direction and control of its parent company, the Electric Bond and Share commenced, in a small way, the construction and management of light and power, gas, and street railway properties as well as the consolidation and financing of various units of the industry. During the first few years of its existence, the company's profits were large but not unusually so. It is within the past three years that this organization has been able to demonstrate an almost unbelievable earning power.

The Segregation

On December 30, 1924, the Board of Directors of the General Electric announced a separation plan for its Electric Bond and Share holdings. A month later, the Electric Bond and Share Securities Corp. was formed for the purpose of acquiring from the General Electric, all the outstanding common stock of Electric Bond and Share which consisted of 250,000 shares of $100 par value and on which dividends were then currently being paid at the rate of $8 annually.

Stock of the Electric Bond and Share Securities Corp. was issued in the amount of approximately 7.2 times the number of shares of outstanding common stock of the Electric Bond and Share Co. Then, on January 31, 1925, General Electric stock-holders received share for share, as a gift so to speak, the Common Stock of the Electric Bond and Share Securities Corp. As there were 1,802,870 shares of common stock of the General Electric Co. outstanding, this is the amount of Electric Bond and Share Securities Corp. Stock that was issued.

As a result of the segregation (whatever may have been the reason for it) the capital structure of the entire organization has become even more complicated than before. Briefly, the present corporate situation is as follows: the Electric Bond and Share Securities Corp. owns the entire common stock of the Electric Bond and Share Co. which was transferred to it by the General Electric. The Electric Bond and Share Co., in turn, finances and controls seven large holding companies which control more than one hundred other holding and operating public utility corporations serving a population of more than 7,000,000 people, located in twenty-three states and three foreign countries. The total capitalization of the entire organization is estimated to be in excess of $750,000,000.

The two largest holding organizations connected with the Electric Bond and Share Co. are the American Gas and Electric Co. and the American Power and Light Co. The former is financed but not actually controlled through stock ownership. The American Gas and Electric Co. controls approximately seventeen public utility companies doing business in the states of New Jersey, Pennsylvania, West Virginia, Ohio, Indiana, Kentucky, Illinois, Michigan and Virginia. The American Power and Light Co. controls approximately ten companies doing business in Kansas, Iowa, Nebraska, Minnesota, Washington, Idaho, Texas, Oregon, Arizona, Wisconsin and Florida.

While the Electric Bond and Share derives a considerable part of its earnings from dividends paid to it on its holdings in controlled companies, it also derives income from its construction and managing operations. The Electric Bond and Share Co. designs and actually builds on a basis of stipulated fees, all properties of the associated companies except one; supervisory agreements have been entered into with all associated companies ex-

Electric Bond and Share

Net After Preferred Dividends

Year	Amount
1912	$1,065,000
1913	851,000
1914	838,000
1915	1,056,000
1916	1,191,000
1917	1,578,000
1918	938,000
1919	1,133,946
1920	1,539,020
1921	1,770,000
1922	3,064,000
1923	6,346,000
1924*	8,189,000

*Year ended October 31st.

Electric Bond and Share

Year	Earned Per Share**
1919	$ .65
1920	.85
1921	1.95
1922	1.70
1923	3.50
1924*	4.55

*Twelve months ended October 31, 1924.

**On Common Stock of Electric Bond and Share Securities Corporation after applying total earnings on holdings of Common Stock of the Electric Bond and Share Company.

cept one, and the company gives every type of expert assistance including advice on engineering, legal matters, rate questions and finances.

The present entire capitalization of the Electric Bond and Share Securities Corp. consists of 1,808,870 No Par shares of capital stock, the asset value of which is represented by ownership of the entire $25,000,000 of $100 par common stock of the Electric Bond and Share Co. The total capitalization of the Electric Bond and Share Co. consists of the above-mentioned common stock which is preceded by $25,000,000 6% cumulative preferred stock. It will be noted that neither of these companies have any funded debt.

Practically all subsidiaries of the Electric Bond and Share Co., however, have both bond and preferred stock issues outstanding in the hands of the public. A typical example of the type of subsidiary financing done is shown by the capital structure of the American Power and Light Co. This holding organization has $31,000,000 of Debenture Bonds outstanding which are followed by 221,000 shares of preferred stock and 1,568,000 shares of common stock.

The assets of the American Power and Light Co. consist, for the most part, of the common stocks of holding and operating subsidiaries which, in turn, have funded debt and preferred stock issues outstanding with the public. One of the most important subsidiaries of the American Power and Light is the Southwestern Power and Light Co. which not only has obligations prior to its common stock but also has, as its assets, the common stock issues of operating companies which are junior to both bond and preferred stock issues.

The net result is that the capital structure of the Electric Bond and Share organization is practically without parallel. The financing scheme is so involved that, to all extents and purposes, it baffles analysis. The reason for such a complicated capital structure is not obvious to the writer and an explanation has never been made public.

Electric Bond and Share Securities Corporation Controls Electric Bond and Share Company Which Finances and Controls—

American and Foreign Power Company, Inc.
American Gas and Electric Company.†
American Power and Light Company.
Carolina Power and Light Company.
Lehigh Power Securities Corporation.
National Power and Light Company.
Electric Power and Light Company

and these latter companies control more than one hundred holding and operating public utility corporations with properties in—

Indiana	**Iowa**	**Pennsylvania**
New Jersey	**West Virginia**	**Tennessee**
West Virginia	**Nebraska**	**Utah**
Ohio	**Minnesota**	**Idaho**
Kentucky	**Texas**	**Oregon**
Illinois	**Arizona**	**Guatemala**
Michigan	**Florida**	**Cuba**
Virginia	**North Carolina**	**Panama**
Kansas	**South Carolina**	

†Financed only.

Large Earnings

It is only natural that, with a substantial increase in earning power of nearly all light, power and gas organizations, Electric Bond and Share's profits should have increased enormously in recent years. However, an increase in net available for common stock dividends from $1,170,000 in 1921 to $8,139,000 for the fiscal year ended October 31, 1924, deserves a detailed explanation. This increase in earnings of the Electric bond and Share was far greater than the percent of increase in sales of electricity and gas. It was also much greater than the increase in margin of profit made from the sale of these commodities to actual users.

This is accounted for to a great extent by the organization's capital structure. Those who understand the true position of a holding company, realize that only a 10% increase in the net revenues of an operating company could very easily mean a 50% or greater increase in the net earnings available for the common stock of the holding organization. For example, during this four year period, the net revenues of the Nebraska Power Co., which is a prosperous operating subsidiary of the American Power and Light, increased less than 100% compared with very nearly a 400% increase in net available for the common stock of Electric Bond and Share.

During the first year of operation, Electric Bond and Share reported a balance available for its common stock of $148,000. There was a gradual increase in earning power to over $1,000,000 in 1912 but it is significant that the company's earning power showed very little growth from 1912 to 1920. In fact, for the year 1918, the net amount available for dividends on the common stock was smaller than for the sixth year previous.

Figuring earnings on the present basis of capitalization of the Electric Bond and Share Securities Corp., net per share amounted to approximately 65 cents in 1919. That is, the total of $1,133,000 available for dividends on the common stock of the Electric Bond and Share Co. was equivalent to but 65 cents a share on the 1,802,870 No Par shares of the Securities Corp. which are now outstanding. Computed on the same basis, earnings for 1920 amounted to 85 cents a share, in 1921 to $1.95 a share, in 1922 to $1.70 a share. For the year ended December 31, 1923, earnings were equivalent to $3.50 a share and for the fiscal year ended October 31, 1924, they amounted to $4.55 a share compared with a present dividend rate of $1.00 a share annually.

For purposes of analysis, the reader should bear in mind that part of these earnings — and a very substantial part—represent dividends received from various companies in which Electric Bond and Share is interested yet a fair portion of the earnings is derived from engineering operations and the supervisory agreements which the parent company has with most of its subsidiaries. The point stressed is that part of the net earnings of Electric Bond and Share are in effect a prior and operating charge of subsidiary organizations and very likely would not be affected by a change in earning power of subsidiaries. Inasmuch as Electric Bond and Share does not reveal what proportion of its earnings come from various sources, it is impossible to arrive at a definite conclusion.

It is reasonable to believe, however, that, were the operating subsidiaries of the Electric Bond and Share Co. to meet with even as little as a 10% decline in earning power, the amount accruing to the Electric Bond and Share from dividends on its investments would show a very substantial decline. For example, let us suppose that the Nebraska Power Co. made a 10% reduction in its light and power rates. This would mean a theoretical reduction in gross revenues of approximately $400,000 a year and the balance available for common stock dividends would decline at least 50%. Following this through, we see that the American Power and Light Co. which owns the common stock of Nebraska Power would suffer at least a 50% decrease in gross revenues from this source. Were the American Power and Light Co. to suffer a like decrease in earnings received from all its subsidiaries, it would scarcely have sufficient income to cover interest on its funded debt and dividends on its preferred stock much less pay a large return on its common stock issue which is owned in part by Electric Bond and Share. While this is merely a theoretical case and is not likely to happen, it illustrates to a

(Please turn to page 165)

Industrials

Ten Stocks Selling Below Their Real Value

A Representative Assortment of Stable Common Stocks With Good Prospects

THIS article is designed particularly for bona-fide investors. The average yield secured from the entire list is about 6%. This is satisfactory in consideration of the sound character of the stocks recommended. While each issue has been selected mainly from the viewpoint of stability of income, they also contain long-range profit possibilities of no mean order. An outright investment of ten shares apiece in each of the ten issues should produce good results.

WITH the securities markets at exceedingly high levels, the investor who acquires surplus funds from time to time faces a rather puzzling problem. He wishes to secure a fair yield on his capital and at the same time does not care to assume undue speculative risks in the event there should be a change in the character of the market's movement. Fortunately, there are several sound common stocks which, on the record of past and probable future performance are entitled to consideration as stable investments. These issues have promising long range prospects and, if purchased primarily without regard to possible market fluctuations, should ultimately reward the holder by more generous dividends and hence enhancement in market value. The ten stocks here discussed are of this type and have been selected with a view to affording a suitable diversity of commitments.

ILLINOIS CENTRAL Few companies may boast of as splendid a dividend and earnings' record as that of the Illinois Central. This middle western railroad is more than a half century old. From the very beginning of its existence, dividends were paid on the capital stock. The record was marred by a break in 1858 and 1859, but these were the only years in that long period in which the road has failed to yield its shareholders a return. In no year since 1860 has the dividend been less than 4%, while the current 7% rate was established in 1917.

Illinois Central serves a rich and fertile territory lying between the Gulf of Mexico and Lake Michigan. The system comprises more than 8,000 miles of railway extending from Chicago on the north to New Orleans on the south, touching such important centers as Omaha, St. Louis, Memphis, Indianapolis and Louisville. Through ownership of the Central of Georgia, the company has an outlet at Savannah. Thence, the Ocean Steamship Co., subsidiary of Central of Georgia, gives Illinois Central a water route to New York and Boston.

Earnings have shown steady expansion over a period of years. Net profits have fluctuated considerably, however, owing to the peculiar conditions surrounding the railroad industry in recent times. Earnings for the common stock, nevertheless, have averaged approximately $9.50 a share for the past eighteen years. For the past three, the average has been $13.41 a share.

Substantial sums have been invested in additions and betterments. The road's financial position is strong. It is one of the few carriers able to sell common stock to the public in late years, indicating the sound character of its securities.

The company is engaged in an extensive improvement program which may have a tendency to prevent an early increase in the common dividend. In any case, the issue is an attractive rail investment at prevailing prices around 112 where the yield is 6.1%.

CALIFORNIA PACKING California Packing has been through a period of sufficiently varied business conditions to require no further demonstration of inherent solidity. The company's record of gross and net earnings is, moreover, a tribute to the high quality of management which it enjoys. In large measure also, California Packing's success is due to the essential nature of its business and the excellence of its products. The Del Monte brand of canned goods is known throughout the country.

It has been the company's policy to build a strong financial structure with the result that the common shares are now in an enviable position. The entire outstanding issue of preferred stock was retired in 1920, only four years after organization. There is no bonded indebtedness and in the past two years, California Packing has been enabled to materially cut seasonal bank borrowings. Dividend payments for the past seven years have totaled something less than 20 million dollars while net profits were aproximately 41 millions. Thus, for each dollar disbursed to shareholders, the company has retained more than an equal amount for reinvestment.

Net profits have fallen below dividend requirements in but one year since California Packing was organized but, even in 1921, the company reported a balance of $4.75 a share. Earnings for the fiscal year ended February 28, 1925 were at the rate of $12.63 a share with $11.27 a share in the year previous.

The management has indicated its intention of adhering to a conservative dividend policy. It is apparent, however, that the company's strong financial and trade position and its ability to cover the present $6 dividend nearly twice over under ordinary business conditions indicate strong probability of an eventual increase in the rate. The common stock is now selling around 108, returning a yield of 5.6% and has decidedly attractive long pull prospects.

PACIFIC GAS & ELECTRIC In these days of high prices and low yields among public utility securities, a common stock of this group which still offers a return of 7.5% is something of an

oddity. Finding such a stock, the prospective buyer may be inclined to look askance and wonder whether there is a Senegambian somewhere about the premises.

Pacific Gas and Electric's comparative backwardness seems to have no other excuse than lack of appreciation of the stock's real merit. Perhaps last year's operating difficulties may have a bearing upon the case. The company serves an extensive territory in the North-Central part of California. That state suffered an unusual drought in 1924 which compelled Pacific Gas to nurse its water power resources.

Approximately 60% of the company's electrical energy was generated by water power during the first quarter of 1924 whereas more than 80% was so produced during the corresponding months this year. Despite the sharp rise in operating expenses caused by the drought, earnings held up well, being equivalent to $8.83 a share in 1924. Gross revenues have shown consistent expansion. Balances available for the junior issue were not large prior to 1922 but in the two following years, net rose to $11.57 and $10.25 a share respectively for 1922 and 1923. The ten year average is close to $8 a share.

Financial position is strong. Current assets at the end of 1924 amounted to 21.68 million dollars, including 8.78 millions cash, while current liabilities stood at 8.54 millions, a working capital ratio of better than 2.5 to 1.

In the light of this situation, the steady improvement in earning power in recent years and the dominant position of the company in its territory, the common stock paying dividends at the rate of $8 a share seems out of line with other stocks in the utility group at prevailing prices around 107.

AMERICAN BANK NOTE American Bank Note is the best known company in its particular field. Security owners who will take the trouble to examine their stock or bond certificates carefully will probably find the name of this concern in small letters in some inconspicuous corner on the great majority of them. The business includes engraving of money for various governments, as well as stocks and bonds and similar papers and certificates.

The company's business has expanded materially in late years, as might be expected in view of the growing public interest in security ownership and the expansion in listings and activity of the country's security markets. The management has always been conservative in the matter of dividend distributions although payments in recent years have been more generous. Net profits available for common shareholders have averaged better than $14 a share on the 4.95 million dollars of $50 par value common for the past ten years. In 1924, the company reported net earnings at the rate of $19.20 a share.

Dividend payments in the same period averaged $5.67 a share on the common, including substantial extras paid in the past three years. From this it is evident that the company owes its present strong financial position to the conservative policy of reinvesting a good share of earnings. Current assets as of December 31, 1924 stood at 7.26 million dollars compared with 1.11 millions of current liabilities. There is an issue of 4.49 millions of 6% preferred stock ahead of the common, but no bonds or bank loans.

The common shares have a rather inactive market and at recent prices around 178 yield only 2.8% on the basis of the current $5 dividend. This does not include extras which will probably continue to be paid. Last year, an extra cash dividend of $7.50 was distributed. While the stock is not attractive to the average investor, it should appeal to those who are willing to purchase a high-priced issue foregoing large immediate returns for long-range possibilities.

INT'L TEL. & TEL. Despite its comparative youth, International Telephone may be fairly said to have proven a claim to consideration as a common stock possessing investment merits and one that has promising possibilities. Earnings have increased consistently since the company was organized in 1920, in which year it acquired the properties of the Cuban Telephone Co. and the Porto Rico Telephone Co. In addition, the company has an equal interest with American Telephone and Telegraph in the common and preferred shares of the Cuban American Telephone and Telegraph Co., operating three submarine cables between Havana and Key West.

International is following the same policies in the international field that have contributed to the outstanding success of its big contemporary in the domestic industry, although there is no actual relationship between the two companies. Like American Telephone, stockholders of International will doubtless have opportunities to participate profitably in the company's growth through the medium of subscription rights at intervals.

In line with its policy of expanding in foreign fields, the company recently secured a contract with the Spanish Government to operate and develop Spain's telephone lines, formerly controlled by the government. The Spanish subsidiary was financed by giving International's shareholders the privilege of buying new stock at $83 a share. The rights issued in connection with this stock issue had an average market value around $4 during their life.

Last year net profits were at the rate of $11.17 a share on the capital stock (the company has no bonds or preferred stock) while earnings in 1923 were equal to $8.40 a share. A further improvement was shown in the first quarter of the current year when net amounted to $3.06 a share compared with $2.53 for the corresponding

(Please turn to page 177)

Ten Stable Common Stocks

	Earned $ Per Share				Dividends $ Per Share					Market	Yield
	1921	1922	1923	1924	1921	1922	1923	1924	Current	Price	%
Amer. Bank Note	16.65	17.77	18.53	19.20	4.0	‡15.0	‡9.75	‡12.5	5.0	178	2.8
Amer. Tel. & Tel.	11.10	11.14	11.35	11.31	8.75	9.0	9.0	9.0	9.0	138	6.5
Amer. Tobacco	16.85	17.64	14.95	18.05	12.0	12.0	12.0	12.5	*7.0	* 93	7.5
American Type Founders	16.26	16.90	19.33	14.78	4.0	4.0	5.5	7.0	7.0	107	6.5
California Packing	9.01	4.75	13.08	11.28	6.0	6.0	6.0	6.0	6.0	108	5.6
Comm. Inv. Trust	† 0.44	† 1.97	† 4.11	5.37	..	..	..	1.88	2.5	57	4.4
Diamond Match	9.85	10.02	10.03	9.99	8.0	8.0	8.0	8.0	8.0	117	6.8
Illinois Central	9.29	14.29	13.55	12.39	7.0	7.0	7.0	7.0	7.0	112	6.1
Int'l Tel. & Tel.	7.00	7.11	8.40	11.17	6.0	6.0	6.0	6.0	6.0	92	6.5
Pacific Gas & El.	8.34	11.57	10.25	8.83	5.0	5.25	6.5	8.0	8.0	107	7.5

*Par value of common changed from $100 to $50 in Nov., 1924.
†Company organized in present form in 1924, earnings shown are those of predecessor companies.
‡Including extras.

J. I. Case Threshing Machine Co. (The)

A Beneficiary of Farm Prosperity

Strengthening of Finances—Preferred Stock An Attractive Specvestment

By PHILIP H. OWEN

THE J. I. Case Threshing Machine Company has a remarkable history. The concern has been in business continuously for eighty-three years, as a corporation since 1880. From 1881 to 1923, inclusive, its total dividend payments have amounted to over $19,000,000. Its preferred stock has been listed on the New York Stock Exchange since 1912, and the common since 1922. At first JIC on the tape, the abbreviation was later changed to CTM. Until the recent change for the better in agricultural conditions, there was nothing to warrant exploitation of the stocks, consequently they have never been much in the speculative limelight.

In spite of its long business career, the company carries no item of "good will" in its balance sheet, but it values its patents at the moderate figure of $1,044,423. It has always pursued a policy of setting up ample reserves for contingencies, and promptly charging off, either to reserves or directly to earnings, any losses it has sustained.

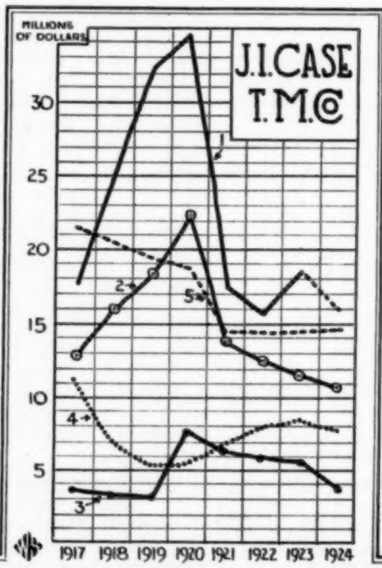
While tractors, threshing machines and tillage implements are the company's principal products, road-making and maintaining machinery and the Case automobile, "The Ten-Year Car", are important side lines. With its plant covering sixty acres of floor space on the Lake Michigan waterfront at Racine, Wisconsin, the company's productive capacity is roughly 12,000 tractors, 5,000 threshing machines, and 5,000 automobiles a year.

The accompanying Chart I, showing the more important items in the company's annual reports from 1917 to 1924, inclusive, presents a striking picture of the prosperity enjoyed during the years when agriculture was in normal condition, and the extent of the depression that has prevailed since 1920.

Gross sales, line 1 on the chart, has been averaging around $14,000,000 for the four years preceding 1917. After a steady climb for four years to over $34,000,000 in 1920, they dropped almost perpendicularly to about $17,000,000 in 1921. This has been about the average for the four years just past, only $3,000,000 a year above the 1913-1916 average. Sales for 1924 are necessarily estimated, as the figures were not made public.

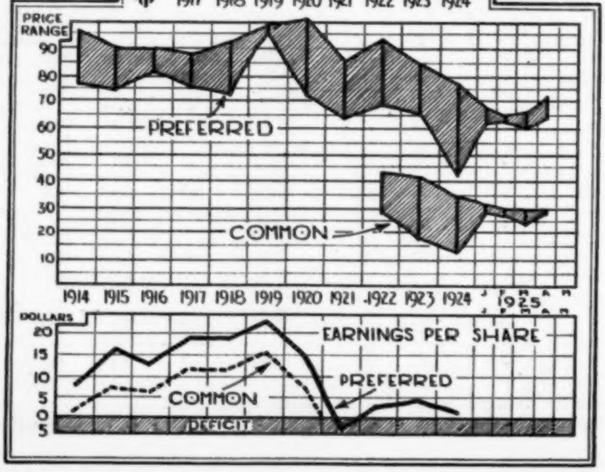
Inventories, line 2, followed gross sales closely during both the upward tendency and the sharp drop in 1921, but have since shown an independent downward trend, so that in 1924 they were several million below the 1917 figure. This indicates the extent to which the company has liquidated its stocks of manufactured products and raw materials in recent years, putting itself in a position to benefit by the prevailing low prices of iron and steel.

Bills and accounts payable, line 3, showed a slight downward tendency until the slump of 1920, when the company was compelled to borrow heavily to carry its inventories. Since 1920, however, the trend in this account has been consistently downward, with a very gratifying decrease during 1924, due, no doubt, to the extensive payments of old indebtedness by farmers throughout the country. Bank loans, it will be noted, are now down close to the 1917-1919 average.



Bills and accounts receiveable, line 4, declined from 1917 until 1919, indicating increasing ability in those years on the part of consumers to pay cash and liquidate debts promptly. The rise in this item from 1920 to 1923 shows how subnormal conditions in agriculture made it necessary for the company to carry old customers and extend credit to new buyers. The decline in 1924 is a measure of the easier financial conditions that now prevail in the agricultural districts.

The decline in *net working capital*, line 5, in 1917 and 1918, was due in part to the fact that the company was retiring the last of its funded debt in those years, as well as to the rapid increase in business. The sharp decline which occurred between 1920 and 1921 was to be expected because of the extreme drop in sales and inventory values. Since 1921, this item has increased slightly from year to year, although regular dividends, not fully earned, were paid on the preferred stock until the end of 1923, and both old and new customers have been allowed plenty of time to pay their bills. In view of the payment of old obligations which is still in progress, and the growing ability to pay cash for new purchases, working capital seems ample to care for the increase in business now under way.



The company has an authorized capitalization of $20,000,000 non-redeemable 7 per cent cumulative preferred stock, and $20,000,000 common, each of $100 par value; of which $13,000,000 preferred and $13,000,000 common are outstanding.

In Chart II, showing the market history of the stocks and the annual earnings per share since 1913, the earnings applicable to the common stock are figured on 130,000 shares, the present amount outstanding, in order to better illustrate the potential earning power.

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Statistics and Comment on Twenty-Two Active Listed Steel Stocks

Name of Company	Working Capital, Millions	Earned $ per Share, Full Years 1921	Earned $ per Share, Full Years 1924	Earned $ per Share, By Quarters 1924, 1st	2nd	3rd	4th	1925 1st	Dividends $ per Share 1921	1923	1924	Current	Market Recent Price	Yield %	REMARKS
Bethlehem Steel....	$137.2	11.51	2.57	1.91	0.11	nil.	1.08	1.66	5.00	5.00	3.75	...	39	...	Building for the future. No early prospect of dividend resumption. Long-range speculative possibilities.
Colo. Fuel & Iron.	10.4	def.	1.05	1.57	def.	def.	0.66	1.54	1.50	...	...	...	39	...	Not attractive on its record. Apparently, no recent developments in respect to oil operations on co.'s lands.
Crucible Steel.....	*25.8	*7.59	*4.55	nf	nf	nf	nf	†2.60	6.00	2.00	4.00	4.00	69	6.2	Sound financial position, but earnings outlook affected by uncertain trend of steel industry. Speculative.
Gulf States Steel...	4.4	def.	7.48	2.86	1.35	1.26	2.01	2.88	...	3.00	a5.00	5.00	76	7.4	No funded or floating debt. Able to hold its own under practically all conditions. Worth watching.
Inland Steel........	20.1	0.50	4.07	1.68	1.12	0.64	0.63	0.72	1.00	2.13	2.50	2.50	39	6.4	Strong balance sheet. Unbroken dividend record since 1908. Current yield rather low for steel stock.
Iron Products.....	1.9	def.	c5.66	b1.82	b2.49	b1.48	nil.	nf	...	...	4.50	6.00	76	7.9	Controlled by Universal Pipe & Radiator. Has unimpressive record. Highly erratic market.
Ludlum Steel......	1.7	def.	1.87	0.75	0.51	0.13	0.48	e0.70	...	...	2.00	2.00	37	5.4	Owns patents on variety of steel alloys. Good average earning power, but not attractive at prevailing levels.
Natl. Enam. & Sta.	7.2	def.	1.12	nf	nf	nf	nf	nf	6.00	5.50	...	...	27	...	Foreign competition hurts. Carrying heavy inventories. Showing in late years has not been good.
Otis Steel (Pfd.)..	3.2	def.	def.	1.97	def.	def.	def.	3.66	5.25	...	...	...	56	...	Working capital included only $201 cash close of 1924. Past performance not one to stir enthusiasm.
Penn Seaboard.....	0.2	def.	def.	def.	def.	def.	def.	nf	...	...	...	...	1	...	Has yet to show ability to build up a definite earning power. An uncertain gamble.
Replogle Steel.....	3.4	def.	1.18	def.	def.	0.52	nf	0.03	...	...	...	...	14	...	Last year's modest earnings first variation in three of consistent deficits. Doubtful speculation.
Republic I. & S....	20.2	def.	0.55	3.06	0.05	def.	def.	1.25	3.00	...	...	...	42	...	One of larger independents. Erratic record. Made relatively poor showing last year. Not attractive.
Sloss-Sheffield	4.8	0.45	10.47	2.63	nf	nf	nf	nf	1.50	...	6.00	6.00	85	7.4	Leading maker of merchant pig iron. Has never shown a loss. Dividend reasonably secure. Attractive.
Superior Steel.....	2.7	def.	def.	1.60	0.44	def.	def.	def.	3.75	...	2.25	...	20	...	Irregular record. Needs better than average conditions in steel industry to show results.
Transue & Williams	2.2	0.43	0.75	0.63	0.37	def.	def.	nf	3.75	2.50	3.00	2.00	25	8.0	Mfg. of drop forgings, dies and special tools. No bonds or pfd. stock. Fair speculation.
United Alloy Steel.	10.8	def.	0.60	....	d0.66	....	fdef.	nf	1.00	2.50	0.50	...	25	...	Specializes in alloy steels. Rather erratic earning power. Not very promising speculation under existing conditions.
U. S. Cast I. Pipe..	11.6	nil.	43.17	nf	nf	nf	nf	nf	...	...	...	...	147	...	Foreign competition factor, but still able to show good profit. Dividend probable. Extremely volatile issue.
U. S. Steel.......	427.7	2.24	11.77	5.04	3.44	1.72	1.38	2.93	5.00	5.25	7.00	7.00	114	6.1	The bellwether of the steel group. May be available at lower levels before industry stabilizes.
Univ. Pipe & Rad..	0.1	¶	2.96	2.31	1.23	0.90	def.	nf	¶	...	...	...	28	...	An unknown quantity in purely speculative position. Not recommended.
Vanadium	5.9	def.	1.96	nf	nf	nf	nf	nf	1.00	...	...	...	26	...	Has failed to live up to early promise. Unimpressive showing in last four years.
Va. Iron Coal & C..	1.8	3.35	def.	nil.	def.	def.	nil.	1.75	6.00	2.00	1.50	...	34	...	Poor showing since 1920. Earned only one-half of interest charges last year. An uncertain speculation.
Youngstown S. & T	62.9	def.	6.68	3.55	1.63	0.22	1.28	3.48	3.50	5.75	4.50	4.00	63	6.4	Second largest independent, with promising long-pull outlook. Should be watched for later buying opportunity.

* Years ended Aug. 31.
† Six months ended Feb. 28.
¶ Organized April, 1923, to acquire stock of Iron Products and subsidiaries.

nf No figures available.
a Also 11½% stock div. paid in March.
b On 140,854 shares of no par value.
c On 141,376 shares of $10 par value.

d For six months ended June 30.
f For six months ended Dec. 31.
e Estimated.

How National Biscuit and Loose-Wiles Compare

Which Is the More Attractive Issue? Effect of the Advance in Wheat Prices — Loose-Wiles' Dividend Prospects

By CARLTON A. SHIVELY

Market Comparison

	1925 High	1925 Low	1925 Recent	Div.	Yield
National Biscuit	75	65	67	$3	4.4%
Loose-Wiles Biscuit	97 1/8	77	86 1/2	..	....

BISCUIT stocks on the Stock Exchange have meant National Biscuit to the average investor. Even from the speculative standpoint, the common shares of this company have given ample opportunity for market "play." Engrossed in National Biscuit, market followers may have overlooked the company's chief rival, the Loose-Wiles Biscuit Co. While the common stock dividend record of National is unbroken since the company got into full operation, in 1898, Loose-Wiles has never paid anything on its junior shares. For this reason, the stock perhaps has not been given the attention it deserves. Loose-Wiles, having cleaned up all arrears on its second preferred issue, is now in a position where it could comfortably pay a substantial dividend on the common.

Between them, National Biscuit and Loose-Wiles do the bulk of the package biscuit and fancy cracker business of the country. National is the older and larger. The present company was organized about five years before the Loose-Wiles business was started. National probably does about four times as much business as Loose-Wiles, but the latter apparently is the second largest producer of biscuits.

For trade reasons neither company makes public a statement of gross sales or expenses chargeable to operation. Consequently it is a bit difficult to make precise comparisons of the volume of business transacted or efficiency of operation. However, sufficient is known to enable one to make fairly reliable rough and ready estimates. Both operate large bakeries in New York, Chicago and Boston. The larger part of the remainder of National's plants are in the East, North and far West, while Loose-Wiles covers the Middle West and South.

Considering their territories as a whole both appear to be affected about the same by general trade conditions. Both must buy the same raw materials—consisting principally of flour, shortening and sugar, in the same markets; both sell their finished product to the same class of people for virtually the same prices. Also both companies have built new plants in recent years and improved old ones, so that there probably is little difference in operating results.

National makes its own paper board and containers, and being the larger producer may have a bit the better of it on factory costs in some cities; but on the whole the difference in the margin of operating profit can hardly be very great.

These considerations together with a comparison of such items as working capital, inventories, receivables and payables over a series of years indicate that Loose-Wiles does about one-fourth the volume of business done by National. Moreover, reports of the Federal Trade Commission tend to bear this out. This, as will be shown later on, is important as an explanation of the relatively smaller net profits of Loose-Wiles.

Uniformity of net earnings of National Biscuit up to 1922 is striking. Since 1911 the company has published no figures showing gross earnings. In that year they amounted to 45.3 millions compared with 41 millions in 1905. However, figures made public by the Federal Trade Commission in connection with its action against the company show gross of 46.1 millions in 1914, 101.7 millions in 1919 and 104.5 millions in 1921.

From 1911 to 1922, net earnings averaged from 4.5 to 5.5 millions annually, gradually increasing, but showing no pronounced gain as between one year and the preceding year. But when the accounts for 1922 were published, net earnings were found to have jumped to over 11 millions. Some skepticism was expressed as to the company's ability to maintain such high earnings. Previously, a yearly variation of as much as 20% in net had been rare, and the gain of 90% that year seemed to call for further explanations than those of better business, somewhat better selling prices and lower raw material costs.

It did not seem probable that the company could have nearly doubled its net if charges against gross had remained proportionately the same. What seemed more likely was that gross did increase materially, but that in addition certain charges usually made were considerably reduced. An examination of the company's growth in recent years and its balance sheet position support this view.

Since organization, National has built about twenty plants and purchased several others, and old plants and some of the new ones have been expanded and improved. In addition, some properties formerly leased have been purchased outright. Gross revenue, naturally enough, has risen along with the expansion in producing and distributing facilities. Margin of profit, meanwhile, though varying from year to year, has not, it is reasonable to suppose, changed greatly from year to year.

In other words, manufacturing profit up to 1922 increased much more than is indicated by the published figures for net. Any lingering doubts as to this should be destroyed by the showing in 1923 and 1924. In short, earning statements prior to 1922 have not disclosed the company's real earning power.

While National has been building and acquiring factories it has always kept free from funded debt. Until a stock dividend was declared in the autumn of 1922 it operated without change in its capital structure. Expansion therefore was carried on from within. Earnings supplied the necessary funds.

Shareholders in the meantime have not been stinted, dividends having been paid so long that the stock has taken on the character of an investment. Going back to 1910, we find from that time to the end of 1921 a book increase

in property value of 8.5 millions, after deducting depreciation, the amount of which is not stated. In the same period surplus rose 13 millions, this sum being the accumulated yearly balances after dividend payments. The bulk of this surplus is accounted for, however, by the increase in working capital.

As a matter of fact, the company has charged off each year from gross revenues enough for its expansion needs. These charges doubtless were made against operation and depreciation, the latter being, of course, a mere bookkeeping charge. However, it is not to be understood that the increase in plant value, as carried on the balance sheet, measures the extent of these charges, since National is a conservative bookkeeper and has made liberal depreciation allowances.

The record of Loose-Wiles up to 1920 was quite similar to that of National, although the variation from year to year was somewhat greater. Loose-Wiles was less fortunate in meeting the depression of 1920-21. In the latter year net income fell to $200,000, but has steadily risen since then.

Despite lower income in 1920, Loose-Wiles resumed payments on its 7 per cent second preferred stock, discontinued in 1915 and by the end of 1923 had cleaned up all arrears. Meanwhile Loose-Wiles also has expended sizeable amounts for construction and improvement of plants, and it has done so without resorting to outside financing. Working capital has varied little and there has been only a moderate increase in stated value of property, figures for which are only given minus depreciation.

All the evidence obtainable point to larger business than was done a few years ago and at least as good a margin of profit. Still during the past three years the company's reported net income has averaged only a tenth to a twelfth that of its larger rival as compared with one-fifth to one-fourth in former years. It is therefore difficult to escape the conclusion that Loose-Wiles also has had "hidden" earnings, and that soon or late its real earning power will be brought out.

But on the basis of disclosed earning power Loose-Wiles common stock is in a much better position with respect to National than a hasty glance at net income would seem to indicate.

National has no funded debt and Loose-Wiles has but an insignificant amount of it. In the autumn of 1922, National declared a 75% stock dividend. Just prior to the stock dividend the par value of the old stock was reduced from $100 a share to $25 a share, the new stock being exchanged for the old on the basis of 4 to 1, bringing the common stock outstanding to 2,046,520 shares. This stock is carried at 51.16 millions. Seven per cent cumulative preferred stock is outstanding in the amount of 24.8 millions, making total capitalization 75.96.

Loose-Wiles has outstanding 4.16 millions of 7 per cent first preferred, 2 millions of 7 per cent second preferred and 8 millions of $100 par value common stock, a total of 14.16 millions.

National has surplus of 14.45 millions, making net worth 90.42 millions compared with surplus of 4.14 millions and net worth of 18.31 millions for Loose-Wiles.

National's profits available for common stock rose from $4.54 a share in 1922 to $5.36 a share in 1924. Loose-Wiles has increased its per share earnings on the common from $4.65 to $9.30, before first preferred stock sinking fund deduction, and from $2.78 a share to $7.43 a share after this deduction.

National pays $3 a share in regular dividends and extras as the directors see fit. Last year $1 a share extra was paid, making total common stock dividend disbursements 8.18 millions. Preferred dividends for National require 1.73 millions annually, as against only $440,000 for Loose-Wiles, including the preferred sinking fund.

A $3 a share dividend on Loose-Wiles common stock meanwhile calls for only $240,000 and a $4 dividend requires but $320,000. Loose-Wiles, then, could pay the same common dividends as are being paid by National with a cash disbursement of only $760,000, as against 9.92 millions for National. Last year Loose-Wiles could have paid $4 a share on the common and carried $3.43 to surplus, as against $1.36 a share to surplus for National.

For each $1 a share on the common paid by National that company must show net income available for all dividends of 3.78 millions, Loose-Wiles is obliged to earn but $663,000. One dollar for National means the payment of 2 millions; it means but $80,000 for Loose-Wiles. Although last year National earned approximately 14.3% on its capital and surplus while Loose-Wiles earned but 6.3%, it will be readily seen from the foregoing figures that the smaller capitalization of Loose-Wiles, which is slightly less than a fifth that of National, enables it to show a substantially larger amount per common share with one-eleventh as much net income, as was the case lase year.

The business of both companies is growing with the increase in population, as well as a result of better and more diversified products and energetic and intelligent selling organizations. National still is expanding but it is unlikely that anywhere nearly all the company's surplus earnings will be needed for this purpose. Stockholders may reasonably expect further extra dividends from time to time as conditions warrant. National Biscuit common stock is not to be considered as merely a $3 issue, but as such it is well buttressed by earnings and at around 67 is selling on less than a 4.50% yield basis.

The market quotation for Loose-Wiles common says plainly enough that holders of the stock expect early inauguration of dividends. Selling at around 86, traders apparently expect as much as $6 or $7 a share. A payment of $7 would require $560,000; last year $594,400 was earned for the common. There now seems to be nothing standing in the way of an initial payment.

While National's earnings have been the more consistent of the two and while the possibility of extra dividends put flavor into the stock, the speculative possibilities of Loose-Wiles seem to be the more attractive. As pointed out, it is not unreasonable to suppose that Loose-Wiles is really earning a much larger net income than is shown by its published statements. Of course, Loose-Wiles common is much more suited to the speculator than to the simon-pure investor.

If Loose-Wiles last year really earned say one-fifth as much net as National it would have shown over 2.57 millions available for dividends. This would have meant 2.13 millions for the common, or $26 a share. Even allowing for greater operating efficiency on the part of National, as is suggested by the greater stability of earnings over a series of years, it is not unlikely that Loose-Wiles is earning substantially more than is indicated by the income statement.

However, the Loose-Wiles management apparently is wedded to a conservative policy and the matter of common dividends necessarily remains un-

Vital Comparisons of Nat'l Biscuit—Loose Wiles

I.—Capitalization

	National	Loose-Wiles
Preferred (First)	$24,804,500	$4,165,500
(Second)		2,000,000
Common	51,163,000	8,000,000
Total	$75,967,500	$14,165,500
Undistributed surplus	14,451,697	4,148,198
Total	$90,419,197	$18,313,798

II.—Net Income

	National	Loose-Wiles
	(millions of dollars)	
1918	5.13	1.05
1919	5.34	2.13
1920	5.54	.94
1921	5.67	.20
1922	11.02	.82
1923	12.09	.91
1924	12.88	1.17

III.—Common Share Earnings

	National	Loose-Wiles	
1922	$4.54	*$4.65	$2.78
1923	5.05	* 5.87	4.00
1924	5.36	* 9.30	7.43

* Before first preferred sinking fund deduction.

IV.—Working Capital

	National	Loose-Wiles
	(millions of dollars)	
1922	21.54	5.62
1923	23.06	5.41
1924	23.12	4.77

certain, but the possibilities are there.

Moreover, that both companies will earn somewhat less this year than they did in 1924 is quite probable, though the difference may not be great. National has made a report for the first quarter which disclosed net after tax of 2.87 millions as against 2.95 millions in the corresponding quarter of the previous year. This is a loss of less than 3% and is not sufficient to cause any alarm. It may be that the first quarter will prove to have been the worst part of the year.

Since the early part of the year wheat prices have fallen sharply and are now down to the levels of last autumn. It would be hazardous to guess on prices for the remainder of the year, but $1.50 a bushel for wheat would appear to be more in line with the crop outlook and what the world can afford to pay for the cereal than the excessively high prices prevailing a few months ago.

As against the high wheat prices these companies have an offset in much cheaper sugar. Sugar is selling for from 2 to 3 cents a pound less than the average of last year and the record-breaking crop promises to keep the price at extremely low levels. In addition the baking companies are by no means at the mercy of raw material costs. Selling prices can be and are adjusted to meet the changes in raw material costs. National's success in this regard in 1921 was striking. A very small change in selling price for the finished product makes up for fairly wide swings in raw material costs, and such price increases as may have to be made are hardly likely to reduce sales volume to any extent.

Securities Analyzed in This Issue

Preferred Stocks

When the general stock market was breaking, preferred shares, as a rule, were little affected. Likewise, recovery in the more speculative shares were ignored in quotations for preferred stocks, which continued on an even keel. Changes of a point or so in either direction were about the extent of the fluctuations witnessed. American ice preferred was a strong spot, with an advance of four points and Chesapeake & Ohio convertible preferred advanced two points, on speculative anticipation of the probable result of the Nickel Plate lease hearing before the Interstate Commerce Commission. Gulf, Mobile & Northern and Western Pacific preferred also made substantial gains, but, aside from the gyrations in some of the non-dividend speculative issues such as American Sumatra preferred, changes were of an orderly nature, with the tone strong at all times. Preferred stocks still can be secured at attractive yields, in view of the present money market, and this section of the list is attractive to the investor who desires a higher yield than produced by the rank and file of the bond market.

PREFERRED STOCK GUIDE

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
SOUND INVESTMENTS				
INDUSTRIALS:				
Mack Trucks, Inc., 1st .... (c)	7	108	6.5	5.5
General Motors Corp. .... (c)	7	106	6.6	(y) 5.1
Cluett-Peabody & Co. .... (c)	7	107	6.5	3.5
Loose-Wiles Biscuit Co. 1st .... (c)	7	105	6.6	2.5
Studebaker Corporation .... (c)	7	114	6.1	20.0
Schulte Retail Stores Corp. .... (c)	8	112	7.1	(w) 10.0
Gimbel Brothers, Inc. .... (c)	7	103	6.7	3.3
Baldwin Locomotive Works .... (c)	7	110	6.3	3.2
Endicott-Johnson Corp. .... (c)	7	114	6.1	4.5
American Smelting & Ref. Co. .... (c)	7	107	6.5	1.7
American Steel Foundries .... (c)	7	111	6.4	6.7
U. S. Industrial Alcohol Co. .... (c)	7	107	6.5	5.2
Associated Dry Goods Co. 1st .... (c)	6	98	6.1	4.0
PUBLIC UTILITIES:				
North American Co. .... (c)	3	48	6.2	(w) 6.9
Philadelphia Company .... (c)	3	47	6.3	5.6
RAILROADS:				
Chicago & Northwestern .... (c)	7	106	6.5	....
New York, Chicago & St. Louis .... (c)	6	91	6.6	(y) 3.7
Chesapeake & Ohio conv. .... (c)	6.50	108	6.1	9.0
MIDDLE GRADE INVESTMENTS				
INDUSTRIALS:				
Bush Terminal Buildings Co. .... (c)	7	97	7.2	1.1
Brown Shoe Co. .... (c)	7	100	7.0	3.9
Cuban-American Sugar Co. .... (c)	7	97	7.2	7.5
California Petroleum partic. pfd. .... (c)	7	113	6.1	1.3
American Ice Company .... (n-c)	6	82	7.3	2.0
Armour & Co. of Del. .... (c)	7	91	7.6	(w) 2.3
Allis-Chalmers Mfg. Co. .... (c)	7	106	6.6	2.8
Genl. American Tank Car Co. .... (c)	7	98	7.1	4.0
Natl. Cloak & Suit Co. .... (c)	7	102	6.8	4.5
PUBLIC UTILITIES:				
Radio Corp. of America A pfd. .... (c)	3.50	50	7.0	(w) 3.5
Amer. W. Wks. & Elec. Corp. 1st .... (c)	7	103	6.8	2.8
Metropolitan Edison .... (c)	7	99	7.1	(w) 2.3
Public Service of N. J. .... (c)	8	110	7.2	3.4
RAILROADS:				
Baltimore & Ohio .... (n-c)	4	64	6.2	(y) 4.75
Bangor & Aroostook .... (c)	7	91	7.6	2.5
Colorado & Southern 1st pfd. .... (n-c)	4	62	6.4	7.5
SEMI-SPECULATIVE INVESTMENTS				
INDUSTRIALS:				
Famous Players-Lasky Corp. .... (c)	8	108	7.4	(y) 6.5
Pure Oil Co. conv. pfd. .... (c)	8	106	7.7	4.2
American Beet Sugar Co. .... (c)	7	82	7.3	1.5
National Department Stores .... (c)	7	97	7.2	4.0
Fisher Body Corp. of Ohio .... (c)	8	108	7.4	....
Austin Nichols & Co.	7	90	7.7	1.8
Worthington Pump & Mfg. "A" .... (c)	7	81	8.6	2.0
Orpheum Circuit .... (c)	8	100	8.0	(w) 3.2
International Paper Co. .... (c)	6	77	7.7	1.75
PUBLIC UTILITIES:				
Amer. Water Wks. & Elec. 2d pfd. .... (n-c)	6	102	5.8	2.8
SPECULATIVE INVESTMENTS				
RAILROADS:				
Chicago, Rock Island & Pac. .... (6-7%)	7	97	7.2	(x) 1.35
Gulf, Mobile & Northern .... (c)	6	97	6.1	(x) 1.3
Western Pacific .... (c)	6	92	6.5	(x) 1.00

(c) Cumulative. (n.c.) Non-Cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
(z) Stock was issued this year.

* Based on average earnings during past six years.
† Average number times earned last five years.

Taking a Flier in Aeroplane Stocks

The Two Leaders Compared—Government's Policy Toward the Industry—Market Position of Securities

THERE are many evidences that the aeroplane industry which has been in a protracted slump since the close of the war is on the verge of an important recovery. The recent controversy in Congress regarding the importance of aeroplanes in National defense has brought this subject into the limelight and public opinion is unquestionably behind the movement for greater protection in the air. This has already resulted in a more liberal policy by the War Department toward the aeroplane manufacturers and when Congress meets again, there is reason to believe that larger appropriations will be voted for aeroplane defense and reforms in present methods inaugurated.

Administration leaders are aware that in order for this country to have adequate protection in the air it is important to develop commercial aviation and to foster the aeroplane industry in every possible way. An important development along these lines has been the recent decision of the Postmaster General to lay out a series of air routes between the principal cities of the country and to offer private companies the concession to carry passengers and mail by plane. Commercial aviation has already been successfully established abroad and this field in the United States offers almost unlimited possibilities for expansion.

At present, the aeroplane industry may be compared with an undernourished child, but the infant is a promising one, and with a little paternal care on the part of the United States Government may soon grow into a strapping youth.

Two of the best known companies in the areoplane manufacturing industry whose securities are available to the public are Wright Aeronautical and Curtiss Aeroplane, which are briefly discussed in this article.

WRIGHT AERONAUTICAL Wright Aeronautical activities are largely confined to the manufacture of aeroplane engines, including the well known Liberty Motor. Since the end of the war, this company has recived sufficient business from the United States Government to enable it to earn its dividend of $1 per share with a fair margin. In 1924, $1.70 a share was earned compared with $1.31 a share in 1923.

Wright Aeronautical is in sufficiently strong financial condition, to warrant payment of a large percentage of its earnings in dividends and if the anticipated increase in its business materializes it should soon be reflected in a higher rate. As of December 31st, 1924, current assets totalled 2.4 millions, compared with current liabilities of only $104,000. In addition, the company has 2.8 millions marketable securities in a special reserve fund which is being held intact to provide funds against any future claims that may be made against the company. For the past five years there has been a disputed claim by the Government for approximately 4.5 millions alleged over-payments on war contracts. Against this claim the corporation holds a counter claim of 1.2 millions against the Government. While the Government has threatened to bring suit, no steps in this direction have been taken thus far and it is probable that the matter will ultimately be settled out of court on an amicable basis.

In view of the improved outlook for this industry, Wright Aeronautical at present levels of around 20 appears to possess unusually interesting long pull possibilities.

CURTISS AEROPLANE Curtiss Aeroplane & Motor Co. has perhaps been the greatest sufferer from the methods which the Government has pursued until recently in its relations with aeroplane manufacturers. Patent protection was surrendered during the war for the nation's benefit; and new developments in aeroplane construction developed by Curtiss Engineers, frequently at heavy cost, have been available to all other manufacturers without any payment of royalty. Other interests were able to bid for Government work by copying designs developed by Curtiss and as they did not have to carry the heavy overhead resulting from experimental work, were frequently able to underbid this company. It is probable that this injustice will be eliminated in the future. Recently the War Department announced that it had awarded $70,000 to Curtiss for the development work involved in producing a new type of observation plane. It also awarded the company a substantial contract.

Capitalization consists of 2.5 million dollars of 7% preferred stock of $100 par, and 218,606 shares of common stock of no par value. The preferred stock is cumulative up to $5 a share annually but is entitled to a $7 rate before the common receives any dividends. The senior stock is now paying $7 a share per annum. This issue also participates equally in dividends paid on the common until a total of $42 a share over and above the regular $7 rate, shall have been distributed.

In 1924, only $6.19 a share was earned on the preferred stock but this represents a period of unfavorable business and in the current year on orders already received Curtiss is earning the preferred dividend with a good margin to spare.

The $7 preferred stock which is dealt in on the New York Curb market is selling around 66, at which price the return is 10.6%. In view of the sound financial condition of the company and the improved outlook for its business, this issue appears to represent a good speculation particularly in view of its participating feature. The common stock undoubtedly has long pull possibilities but it will probably be some time however, before dividends can be paid.

Two Aeroplane Companies Compared

	Wright	Curtiss
Mortgages	......	$852,000
Preferred Stock ($100 par value)	......	2,523,100
Common (no par value) shs.	249,390	218,060
Earned per share 1924..pfd.	*$1.70*	$6.19
Current assets	2,400,000	1,600,000
Current liabilities	104,000	56,000
Working capital	2,296,000	1,544,000
Special reserve fund	2,800,000	......

*Common

Industrial *Public Utility* *Oil* *Mining*

Investors' Indicator

Current Earnings—Dividends—Working Capital

Industrials—	Dollars Earned Per Share 1923	1924	1st 3 Months 1925	†Present Div. Rate ($)	Recent Price	Yield (%)	¶ Ratio of Current Assets to Current Liabilities
Air Reduction	12.31	8.56	2.70	4	101	3.9	6½ to 1
Ajax Rubber	def.	1.56	..	..	14	..	4 to 1
Allis-Chalmers	6.00	8.01	2.17	6	79	7.5	5¾ to 1
Amer. Bosch	0.97	0.77	0.54	..	32	..	2⅓ to 1
Amer. Hide & Leath. Pfd	def.	4.28	2.25	..	72	..	3⅓ to 1
Amer. La France	1.75	1.71	..	1	13	7.6	9 to 1
Amer. Locomotive	21.25	9.80	..	t8	120	6.6	10½ to 1
Amer. Steel Foundries	9.70	5.75	1.70	3	50	6.0	6¾ to 1
Bethlehem Steel	5.57	2.56	1.66	..	40	..	5¼ to 1
Butterick	3.90	3.60	..	..	17	..	2 to 1
Central Leather	def.	def.	q	..	20	..	19⅓ to 1
Chandler Motor	7.34	4.81	..	3	35	8.5	3¼ to 1
Cluett, Peabody	14.15	6.94	..	5	62	8.0	15¼ to 1
Coca-Cola	7.65	10.00	2.80	7	108	6.4	4¼ to 1
Colo. Fuel & Iron	1.67	1.05	1.54	..	40	..	3⅓ to 1
Corn Products	k4.39	k3.61	0.53	2	35	5.7	12 to 1
du Pont de Nemours	13.93	12.45	..	10	148	6.7	11¾ to 1
Endicott-Johnson	7.95	8.04	..	5	68	7.3	3 to 1
Famous Players	14.98	20 08	..	8	100	8.0	m3¾ to 1
Gen. Motors	k10.64	7.37	3.08	6	75	8.0	4⅓ to 1
Goodrich, B. F.	0.80	10.57	..	..	54	..	12¾ to 1
Goodyear Tire Pfd	7.58	16.92	..	7	97	7.2	8¾ to 1
Gulf States Steel	12.78	7.48	2 88	5	81	6.1	8¾ to 1
Hayes Wheel	6.60	3.16	..	3	36	8.3	5¾ to 1
Hudson Motor	m6.66	m6.11	h2.90	3	54	5.5	m2⅓ to 1
Lee Rubber & Tire	def.	def.	0.02	..	14	..	2 to 1
Mack Truck	20.71	17.95	4.33	6	156	3.8	9⅓ to 1
Otis Elevator	k9.11	k11.69	3.27	6	114	5.2	7¾ to 1
Owens Bottle	4.47	4.72	1.20	3	46	6.5	7⅔ to 1
Pierce Arrow Pfd	2.78	6.25	1.68	..	57	..	3⅓ to 1
Postum Cereal	6.31	9.44	2 57	4	115	3.4	5⅓ to 1
Remington Type	8.39	9.34	..	..	64	..	6⅔ to 1
Republic Iron & Steel	15.00	0.55	1.25	..	45	..	5¼ to 1
Sloss-Sheffield	20.22	10.47	3.00	6	85	7.0	1¼ to 1
Spicer Manufacturing	2.66	2.32	0.81	..	20	..	2½ to 1
Stewart Warner	14.16	7.37	2.17	5	68	7.3	6⅔ to 1
Stromberg Carb.	11.62	7.02	..	6	70	8.5	7 to 1
Studebaker	k9.22	k7.03	1.85	4	46	8.6	3 to 1
Timken Roller Bear	6.74	4.83	..	a3	43	6.9	9½ to 1
United Drug	8.46	10.93	2.13	6	125	4.8	6½ to 1
U. S. Rubber	2.28	3.87	..	..	46	..	2⅔ to 1
U. S. Steel	16.43	11.76	2.93	d7.	115	6.0	4⅓ to 1
Willys-Overland	5.32	0.23	1.23	..	23	..	7⅓ to 1
Youngstown Sheet & Tube	14.93	6.68	3.48	4	65	6.1	5½ to 1

Public Utilities—	Dollars Earned Per Share 1923	1924	1st 3 Months 1925	†Present Div. Rate ($)	Recent Price	Yield (%)	¶ Ratio of Current Assets to Current Liabilities
Amer. Tel. & Tel.	11.35	11.31	2.91	9	138	6.5	1⅙ to 1
Brooklyn Edison	13.07	11.81	..	8	132	6.0	1¾ to 1
Brooklyn Union	9.33	9.14	..	4	89	4.4	2¾ to 1
Columbia Gas	3.70	4.41	1.67	2.60	64	4.0	1¾ to 1
Consolidated Gas	7.77	7.48	..	5	84	5.9	1¾ to 1
Detroit Edison	11.85	9.97	4.06	8	118	6.7	1⅔ to 1
Hudson & Man.	2.73	3.33	0.97	2.50	32	7.8	1 to 1
Int. Tel. & Tel.	8.40	11.17	3.06	6	92	6.5	1⅗ to 1
Laclede Gas	15.29	15.35	..	8	160	5.0	1 to 1
Montana Power	4.80	4.49	1.73	4	78	5.1	1⅗ to 1
North American	3.11	3.24	..	3.40	49	6.9	2¾ to 1
Pacific Gas & Elec.	10.25	8.83	2.98	8	108	7.4	2⅓ to 1
Peoples Gas	10.91	11.10	..	8	116	6.8	1¼ to 1
Philadelphia Co.	7.47	5.91	..	4	57	7.0	4⅗ to 1
Pub. Service of N. J.	5.69	6.57	..	5	71	7.0	1¼ to 1
Standard Gas & Elec.	7.75	6.61	..	3	49	6.1	j
Western Union	11.63	12.36	3.21	7	131	5.3	1 to 1
Oils—							
California Pete	‡k5.09	‡2.46	..	1.75	30	5.8	3¾ to 1
Houston Oil	‡3.96	‡3.93	*2.34	..	63	..	5 to 1
Marland Oil	‡1.52	‡0.22	‡2.19	0.75	43	1.7	9 to 1
Mid-Continent Pete	def.	0.69	*2.55	..	29	..	6 to 1
Pacific Oil	‡2.55	‡3.40	..	2	58	3.4	2 to 1
Pan-Amer. B	‡8.09	N. F.	..	6	78	7.6	x 2 to 1
Phillips Pete	‡3.92	‡4.59	*2.32	2	42	4.7	3¾ to 1
Pure Oil	s	s	..	1.50	28	5.3	r 4 to 1
Sinclair Consol.	‡def.	‡def.	..	..	20	..	2¾ to 1
Mining—							
Amer. Smelting	8.84	12.60	..	6	94	6.3	4⅓ to 1
Amer. Zinc Pfd.	‡def.	‡def.	..		27	..	4 to 1
International Nickel	p	p	..	.	20	..	12⅓ to 1
Magma Copper	‡def.	‡2.20	‡1.25	3	40	7.5	Net current assets $2,290,000
Nevada Consol.	1.05	0.83	*0.34	..	12	..	7 to 1
Ray Consol.	0.65	*0.31	..	..	12	..	3¼ to 1
Utah Copper	6.44	5.03	..	4	86	4.6	3¾ to 1

* Before depreciation and depletion.
¶ As of December 31, 1924.
† Dividend rate covers regular dividends on yearly basis. ‡ After deducting depletion and depreciation.
a Not including extras.
d Including extra dividends of 50c quarterly.
h For quarter ended Feb. 28, 1925.
j Current liabilities exceed current assets.
k On present outstanding stock.
l As of Sept. 30, 1924.
m Years ended November 30.
p For 9 months ended December 31, 1924, earned 73c a share compared with 40c a share for year ended March 31, 1924.
n As of December 27, 1924.
q Earned $1.73 a share on preferred.
r As of March 31, 1924.
s Year ended March 31, 1925, earned $2.83; this compares with $3.22 earned for years ended March 31, 1924.
t Declared $10 extra; payable quarterly during year 1925.
x As of June 30, 1924.
NF Not available.

What the News Means

– Timely and plain-spoken interpretations of the important financial happenings of the day –

American Sumatra's Debacle—

—was apparently not without profit to certain insiders. That the preferred stock of a company should jump 20 points to a high of 69¼, shortly after the announcement of a receivership, is unprecedented in the history of the Street. The advance, of course, had no reference to values but had a considerable reference to an unfortunate, trapped short interest. Such spectacles do nothing to help the cause of sound investment.

* * *

Heavy Carloadings—

—do not necessarily mean corresponding increased profits for the roads. In the first place, the figures on carloadings are somewhat misleading since the reports list partly filled cars the same as full cars. Secondly, the factor of carloading is but one affecting railroad profits. It will be recalled that after March of last year carloadings fell away, while this year they are holding up. Not a bad sign for general prosperity, at least.

* * *

Strength in Interborough's—

—stock is taken by some as a straw indicating the trend of affairs political. If Tammany refuses to support Mayor Hylan, it will be a strong bull card on the New York tractions. Tammany insiders, in times past, have not been without knowledge of opportunities existent in Wall Street via politics, and the traction stocks may prove to be excellent barometers of impending political developments.

* * *

Record Prices for Utility—

—issues again emphasizes the tremendous developments in that field of late. The "boom" in the utility issues, for boom it is, has been fast and furious. Since all booms must have their aftermaths the present one will prove no exception. There is no suggestion, as yet, that the utility field is becoming "toppy," but it is getting to a point where it calls for discrimination and careful watching.

* * *

Smelters' Earnings—

—of better than $4 a share in the first quarter of the current year, is a splendid showing. Of late this company has been operated as a business institution and not as an adjunct to the stock market. There is no reason, if Smelters continues a conservative policy, why its common stock should not eventually rank equally as well as that of, say, U. S. Steel common.

* * *

Secretary Hoover's Estimate—

—of $40,000,000 as the value of liquor smuggled into this country last year, is regarded as extremely conservative by those in a position to form an authoritative opinion. Many place the value of contraband liquor nearer $100,000,000 than $50,000,000. It is certainly safe to say that the buyers of liquor last year paid at least $100,000,000 for what they purchased. We are certainly paying a high price for prohibition which does not prohibit.

* * *

On the Stock Exchange—

—there are listed 926 stock issues with a market valuation of approximately $27,070,000,000 and 1,333 bonds with a market value of approximately $33,599,231,000, making a total of 2,259 securities with a market valuation of $60,669,207,000, round figures. This is approximately 41% of the total estimated wealth of the United States.

* * *

French-German Potash—

—interests have renewed their 1924 agreement for harmonious operations. The new syndicate covers not only America and Sweden, as formerly, but the entire world. By the same token a new Ruhr syndicate has been formed for five years which will fix binding prices for domestic and export coal. Needless to say, such combines are not organized for the benefit of American buyers.

* * *

Standard of New York—

—is touted as incubating a 25% stock dividend but from the action of the stock it would seem that the wish is father to the dividend thought.

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Proposed Changes

AMERICAN LINSEED CO.
To sell: 6% Notes, to liquidate current liabilities.........$6,000,000

AMERICAN WATER WORKS & ELECTRIC.
To retire: 6% participating Pfd..........................$10,000,000

ASSOCIATED DRY GOODS CORP.
To exchange: 4 shs. new non-par Com. for each sh. old $100-par Com.

BALTIMORE & OHIO R. R. CO. (THE)—SOUTHWESTERN DIVISION.
July 1—To refund: 1st mtg. 3½s, '25 with 1st mtg. 5s, '50 $45,000,000

BARNSDALL CORP.
Until May 27—Holders of Class "A" and/or Class "B" Stk. of record May 6 have right to subscribe, at $22.50, to 1 sh. new Class "A" Stk. for each 4 held. (Proceeds to retire bonds)...shs. 177,134

BOSTON & MAINE R. R.
Before Oct. 1—To readjust capital structure in accordance with plan made public Apr. 2 by general committee of bondholders and stockholders.

BUSH TERMINAL CO.
To exchange: 1 sh. new 7% Debenture Stk. (par $100) and 2 shs. new Com. (non-par) for each sh. old Com.

CHESAPEAKE & OHIO RY.
To purchase: the SHELBY VALLEY & ELK HORN R. R., for consolidation with its Big Sandy division, in the coal fields of Eastern Kentucky.

CHICAGO, ST, PAUL, MINNEAPOLIS & OMAHA RY.
Until May 31: Holders of $18,556,700 Com. and/or $11,259,300 Pfd. may exchange same for CHICAGO & NORTHWESTERN RY. Com., on basis of 1 sh. Omaha Com. for 5/7 sh. Northwestern Com. and 1 sh. Omaha Pfd. for 1⅙ shs. Northwestern Com.

CHILDS CO.
To pay: to Com. Stockholders a Div. of 1% in Com. Stk. on each of the following dates—July 1, Oct. 1, Dec. 30.

COCA-COLA CO. (THE).
July 1—To retire: at par ($100), 20% of Auth. and outstanding 7% Pfd. $2,000,000

COLUMBIA GAS & ELECTRIC CO.
Until May 29—Holders of 1st mtg. 5s, '27 may exchange same for an equal principal Amt. of its 3-Yr. 5% g. Notes, '28 plus $10 cash.

CUYAMEL FRUIT CO.
June 1—To redeem: assumed 1st mtg. 7½s, '44, entire issue. $2,975,000

FEDERAL LIGHT & TRACTION CO.
To exchange: 5 Shs. new Com. ($15 par) for each Sh. old Com. (non-par). 1 Sh. new non-par, $6 Cum. Pfd. for each Sh. old 6% Pfd. ($100 par).

HAYES WHEEL CO.
Is retiring: its 1st mtg. Ser. "A" 7s and Ser. "B" 6s, due Feb., '29, by purchase in open market. (On Apr. 8 less than $850,000 Out.)

(*Please turn to page* 158)

Other-than-Money Dividends Which Sound Investing Pays

How Security-Commitments Stimulate the Mind and Enlarge One's Contacts with Life

By ROY M. PETERSON

"The main satisfaction . . . has been in the enlargement of my mental horizon as a result of closer contact with the great, throbbing world of industry and finance."

THE forty years of my life have been spent almost wholly as a student and teacher in various educational institutions. The circumstance that I entered the teaching profession where financial rewards are ordinarily meager and strictly limited will make it clear that I did not begin my career with the object of acquiring wealth. In fact this did not seem to me to be an ambition worthy of a superior mind. When my mother held up before me as a boy the lives of certain of the so-called self-made men as ideals that should be imitated, such examples did not appeal to me at all. Instead, I was interested in educational work, and after the conclusion of my college course, spent a considerable number of additional years in study and travel. As I was dependent on my own resources, I was not able to carry out my program continuously but interrupted it at intervals to secure the necessary funds. The result was that I found myself in the thirties with plenty of experience along certain lines, but with a minimum of financial resources and no prospect of inheriting.

At this time I married, realized that I was growing older and saw the need of accumulating something for the future. The mere saving of money, however, seemed a dull and colorless proceeding. In my country, people deposited their savings for a while in a bank and then bought a house or a farm property. But for such a purchase a considerable amount of money was required as well as some knowledge of real estate, in both of which I was lacking.

I Become Interested in Investment

At this critical period, a colleague called to my attention THE MAGAZINE OF WALL STREET, and after examining a few numbers, I sent in my subscription. In the subject of investment as here presented I took a great interest. This seemed to be something worth while. One could look through the various securities cited, examine and compare them, shopping around as it were, and perhaps finally make a purchase—provided he had the money—just as though he were dealing with the wares offered in some big mail-order catalog. The process of selection was really enjoyable. But the best feature of the whole thing was, that, whereas in buying merchandise the amount paid out was generally gone for good while the article depreciated rapidly in value, a carefully selected security, on the contrary, might well increase in value and pay a regular income as well. In other words you had here the thrill of spending your money, yet found that you had not spent it at all.

Of course, unless one is fortunate enough to inherit the savings of another, he must make his own accumulations. My funds had to be obtained by my own industry and retained by my persistency, or obstinacy, if you will, in refusing to spend more than my plan of saving allowed. With my late start, the amount had to be far greater than that specified in an ordinary budget, and could be secured only by my wife's co-operation in getting along without many things which otherwise she might well have purchased. In fact the operation of saving itself has not been altogether pleasant, but has been rendered tolerable by the satisfaction derived from its sequel, the investing of its results.

An Important Influence

During the period of about six years that I have been interested in investments, the study of the subject has been an important influence in my life. It has rounded out my education, giving me a practical knowledge of economics, which has proved a desirable supplement to an extensive training in the field of languages and literature. It has tended to make me more methodical by the keeping of systematic accounts, and has, I believe, improved my judgment. Lastly, it has given me more confidence, as the result of the gradual filling of my strong box.

But without attempting for the present to expand any of these topics, I shall limit my observations to a discussion of one sort of satisfaction that my investments have produced. In using this term I do not mean that my adventures in securities have always turned out well. Nor do I think particularly of the agreeable prospect of being repaid in later years for sacrifices made in more youthful days. After all, this advantage lies well ahead in the future, and perhaps I may never live to enjoy it. What I am more interested in at this stage of the game is any satisfaction or happiness derived from my investments that belongs to the present and so will serve to compensate me in some measure for doing without things that I would enjoy.

The main satisfaction of this kind has been the enlargement of my mental horizon as a result of a closer contact with the great, throbbing world of industry and finance. As a firm believer in diversification, especially when the investor's experience is limited, I have purchased securities in small lots, belonging to a considerable variety of industries; I have furthermore actively identified myself in thought with these concerns on the indisputable theory that I own an interest in them. Such a method has been perfectly feasible, as I have never found any great difficulty in dealing in small amounts. This accordingly has made me familiar with a rather wide range of interests. It has put a new meaning into many commonplace things and powerfully stimulated my intellectual curiosity. At the same time it has not been a burden, but rather an absorbing recreation.

A curious example of the growth in interests due to the study of investments may be mentioned here. For some reason I have never had the en-

thusiasm about automobiles which so many feel in these times, nor have I had any particular desire to own or even ride in a car. Therefore, I have been quite ignorant about the virtues of the different makes, and hardly knew a Ford from a Pierce-Arrow. But as I gradually became interested in the activities of certain motor companies from the standpoint of their securities, I at least learned what concerns sponsored the different cars, and found out something about the relative values of their products. I now know that a Cadillac was worth more than a Chevrolet. I also became interested in the relative frequency with which the various makes appeared on the streets as a possible index of sales and consequent manufacturing activity. Here was an extension of interests to an unfamiliar field. Thus the study of investments instead of leading me into seclusion, brought me more into touch with the spirit of the age of gasoline.

While not naturally interested in the motor car, I have always been fascinated by the movement of trains. There is something imposing in the sight of a powerful locomotive drawing a long line of cars, especially at the twilight hour,—a spectacle which I can witness from my own door-yard. Not long ago I had an opportunity to buy on the partial payment plan a bond of this railroad, and since that date I find a new interest in the property. The sight of passing trains is not always an unalloyed pleasure. For instance a train of empty coal cars going one way and a train of box cars, likewise empty, bound in the opposite direction, will be indicative of a high transportation expense without any direct revenue for the service rendered. At the crossing, ordinarily, a little old man is on duty, although at certain seasons he does not appear on Sunday. Now, when he is not visible, his absence is significant. It means that all traffic is suspended for the day, and this indicates that car-loadings are light and that business is poor with profits low and workmen idle. Thus a trivial event has given rise to a whole chain of thought.

The Movies Take on Interest

Another commonplace subject that has assumed a new significance is the moving-picture show. I should state at the outset that I have never attended very frequently nor become wildly enthusiastic about any of the "stars." My information about them, however, has increased considerably since I acquired two shares of preferred stock in a leading company. I confess to a fondness for this company's trade name, which appears on my dividend checks, and admit a partiality for the films that bear it. It is a satisfaction for my wife and I to view what we may call "our pictures", and compare them as to artistic merit and popularity with the work of rival producers.

My investments have been still more a source of satisfaction in creating an interest in the activities of the world through the medium of the press. They have for the first time taught me the value of news. Whole sections of the paper that were once discarded as uninteresting are now eagerly read. Things that happen in the most diverse places now seem important because they affect my property.

Furthermore, it is a pleasure to find my companies in unexpected places. I come upon a copy of the weekly paper of the little, midwestern town where I grew up. As I glance through it, I see but few items that refer to the people that I knew. Even the advertisements of local stores are apt to bear the names of unknown proprietors. Yet they are not utter strangers after all; one is boosting the lumber of a company whose name appears on my coupons, others are advocating oils which are familiar from dividend checks. The power and light company operating in this section, whose bond was brought to my attention in the East, is disposing of stock to its customers. Though one notices with regret the absence of the old acquaintances of the past, the new ones of the present are there to fill the void.

Turning to the daily, let us see what there is of interest in the news. It is unnecessary to enumerate the happenings grouped on the financial page, for while these interest the investor, they may be considered as largely technical and disregarded here. Among the ordinary news despatches, which are not addressed to the financial specialist, I find first a brief account of the proposed construction of a railroad line in Texas. Several years ago such an item would have meant nothing; the scene of action is too remote from the New England state where I am located. But now, although this line is not the project of a company in which I own a single share of stock, it is of interest because of its probable effect upon the revenues of an adjoining line in which I happen to have a tiny,—although to me,—important holding. From the distant Pacific coast, come reports of a prolonged drought. Ordinarily this would not have attracted my attention at all, but now I am interested because this condition implies that the hydro-electric plants are not able to function properly, and a company that I want to see prosper will be unfavorably affected. In an eastern state an important terminal property belonging to one of "my" railroads is reported as practically destroyed by fire. I find myself wondering whether railways carry insurance, a point that had never occurred to me before.

Helping Me Do Better Work

These are the accounts that my investment interests bring to my attention in one day's news. I am just closing up the paper, when I notice a short despatch from a little city in Kansas announcing that the W. C. T. U., being duly assembled in convention, are planning to make a more aggressive fight against tobacco. As I am not myself a user of the weed in any form, the projected crusade arouses only the mildest sort of interest. But this increases somewhat, when I

"Investing . . . makes me acquainted with many phases of life which, as a teacher engaged on my own specialty, I might not otherwise discover . . . and stimulates me by constantly enlarging my range of interests so that I can do better work in my own field."

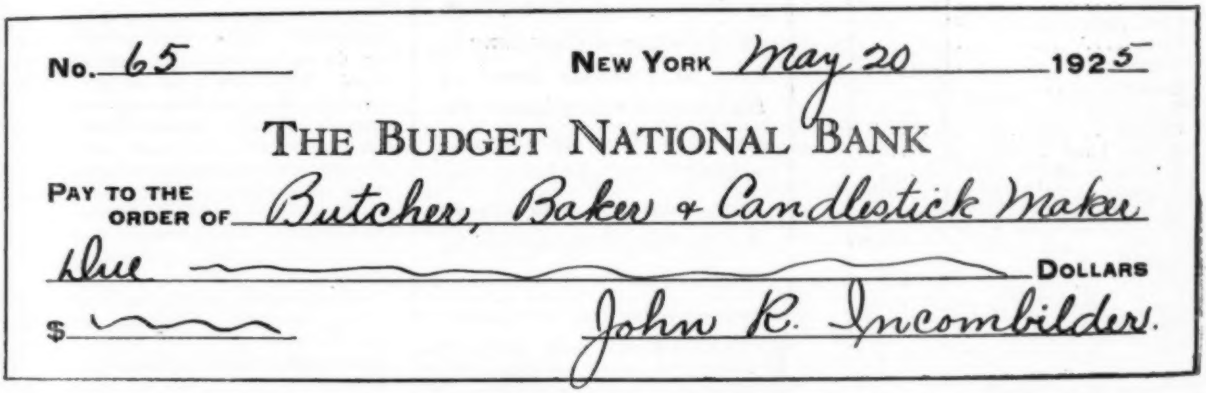
realize that the movement represents an open threat against my very regular dividend on a tobacco stock.

In such ways then, my system of investment keeps me in touch with the activities of the outside world. Although this feature might seem unimportant to many, it is of real value to me. It makes me acquainted with many phases of life which, as a teacher engaged on my own specialty, I would not otherwise discover, and stimulates me by constantly enlarging my range of interests so that I can do better work in my own field. My study of investments has been a recreation,—in fact a kind of play, which is none the less pleasant for being profitable.

Say It With Checks!

How the Checking Account Serves in Connection With the Family Budget — Record and Savings

By "E. M. L."



Note: "E. M. L." sets himself up in opposition with those who believe that the "spot-cash" method is the wisest way to control expenditures. What he has to say is interesting—as have been the previous articles written by him and based on the thrift practices of his personal household.

WE have read with keen interest the various ways of keeping budgets as presented in THE MAGAZINE OF WALL STREET lately. We resent the drudgery of those who daily enter up stamps, carfare, and loaves of bread (it would drive me crazy, personally, even if I had the time), and we turn away aghast from the too casual method of saving a specified sum and spending the rest haphazard from a jingling pocket—as it were. All others considered, we still think we have the best way to keep our own budget.

Leaving the Drudgery to George

We try to estimate the future from the past, and we say it, in the present, *with checks.* As for the drudgery part, we "leave it to George." That is: we let the banks and the business houses with which we deal itemize, compute, tabulate, and record all things of any importance. We carry the check system to the ultimate, and cut down our cash expenditures to the minimum. Thus we have a squad of experts always working on our budget, while we trail behind and occasionally check up on them.

We have friends who brag: "We pay cash always"; or "I pay as I go"; or "No charge accounts for me!"; and *we* started out that way. But we found that cash in hand slipped insidiously away, while records of expenditures in black and white "made us pause." We prefer warning, systematic, and *protective records.*

So we pay the butcher, the baker, the candlestick-maker, and all others possible, by check, once a month, very scrupulously and very promptly. We make a row over delinquent bills—no running over into the next month for us. Our tradesmen become trained.

But before we allowed ourselves the advantages of charge accounts we spent many hours on our finances until we had a thorough understanding of our financial situation and could trust ourselves. Especially in department stores is it wise to "walk softly."

Balanced Monthly and Filed

We have our account balanced once a month at the bank, and file and save checks for years. Not long ago this habit saved us a couple of hundred dollars in a single instance, and numerous other times our records have saved us trouble and money.

Of course this check-and-charge-it business is "old stuff" but it doesn't hurt to speak of it as many people don't use it as much as they should. We actually do a *little* work ourselves. It is very little, however, and yet our budget is so clear and simple that a child could get data from it in a minute, and it is easy to review for long periods of time.

Around the first of each year I enter in a small note-book the months of the year, heading two pages with each month, the left hand one for income and the right for outgo. Then under every month of the year I write certain items we think most important and necessary. Someone else might make a much different list. I put down what we might called "fixed charges," even writing in figures for some, and estimating others in lead pencil to be corrected later. Thus at a glance we can approximate a whole year. Our cash item doesn't vary as we have learned by experience what will see us through and we allow a little more, so there is sometimes a surplus at the end of the year, which we carry as such for a while.

There is necessarily one other exception to the written record: automobile expenses must be carried separately until the end of the year as they are so

variable and must be paid in cash, though they seem to average up pretty much the same from year to year. However, it is a pleasure car and we use it within our limits.

Here are two sample pages out of our year book:

Page 1

JANUARY, 1925, INCOME

Salary	(........)
Bonus	(........)
Dividends—A	(........)
Dividends—B	(........)
Dividends—C	(........)

Etc. and all other income.

Page 2

JANUARY, 1925, EXPENSES

Rent	(........)
Elec. light	(........)
Gas	(........)
Telephone	(........)
Doctor	(........)
Dues	(........)
Church	(........)
S. and Loan	(........)
Insurance—A*	(........)
Insurance—B*	(........)
Int. on notes*	(........)
Bread	(........)
Butter	(........)
Meat	(........)
Dept. Store—A	(........)
Dept. Store—B	(........)
Cash	(........)

*Not every month.

We add and drop items, of course from month to month. To find the cost of clothing or anything not listed we simply turn to the bill on which that item is charged. We file and save large bills for some time.

Once a month we go over our accounts thoroughly and send out checks. That is all the work we put on this book during the year except an occasional necessary insertion, or correction; but we are very careful to examine and file all *bills* the minute we receive them. The good-wife usually does this because she does most of the buying, and she allows nothing to interfere. If she finds an error (which is seldom) she goes right after it, over the phone, if possible.

Keys to Efficiency

This watching up bills is one of our keys to efficiency. There is never any arguing, or wondering in our household about what things cost, or whether we *did* buy this or that article, or whether things are paid for. *We know.*

We think all young people should do a good bit of detail work on their budgets in the beginning until they have a fellow-feeling for their incomes, realize their limitations, and know how far they dare go. Then they should say it with checks. There is nothing so definite and authoritative as checks. They tell facts in a cold-blooded and brutal way that is inescapable.

But this method is no good unless the husband and wife work together—especially is it useless if the former does not trust the latter as she'll fool him every time.

Are You an "Intelligent Investor"?

Some Test Questions Which May Help You to Decide

> ***All these questions have been discussed from time to time in previous issues of Building Your Future Income. They are fundamental; and ability to answer them is a necessity to the successful investment of surplus funds.***

INTELLIGENCE tests aren't being heard of so much nowadays. Maybe they were done to death by the people who crammed them with "trick questions." But here's an "information test" for new investors which hasn't a trick question in it. The individual who can pass it 100% right in our opinion, may conclude that he has a good working knowledge of investment-fundamentals, while the one who falls much below 100% owes it to himself to get out his files of *Building Your Future Income* and do a little studying:

(1) What distinguishes a Savings Bank from other types of banking institutions? How is it safeguarded against loss? In what type of security does the major bulk of its investments consist?

(2) What form of Insurance is best adapted to investment purposes of the average individual, assuming average earning-power and comparative youth? When are Annuities preferable for investment? How does the typical annuity compare with a standard Mortgage Bond, in respect to income-return, if purchased by a young man?

(3) What are Guaranteed Stocks? In what field are they most numerous? What was their origin? Are they ever "unsafe"? If so, under what condition?

(4) How do Mortgage Bonds compare with other security-types from the investment point of view? What are some of the variations of the Real Estate Mortgage bond which have been devised in recent times?

(5) What is a Building & Loan Association? Under what public authority do such associations function, as a rule? What are some of the specific appeals of a building and loan membership to the average investor of limited means? What are some of the things to guard against when selecting a building and loan association?

(6) What is an Equipment Trust Certificate? What protects the holders of such certificates in event of receivership?

(7) Describe some of the security-forms specifically designed to enable the investor of limited means to still attain substantial diversification in the investment of his funds. Explain the difference between so-called "Bankers' Share" offerings and the securities of an Investment Trust. Why are "collateral trust bonds" a form of diversified investment? Fire insurance stocks?

(8) What are "Baby Bonds"? What are some of the disadvantages attached to their purchase and sale, as compared with the purchase and sale of $1,000-bonds? Answer the same questions in respect to "Odd Lots" of stock.

(9) When are stocks preferable to bonds—and why?

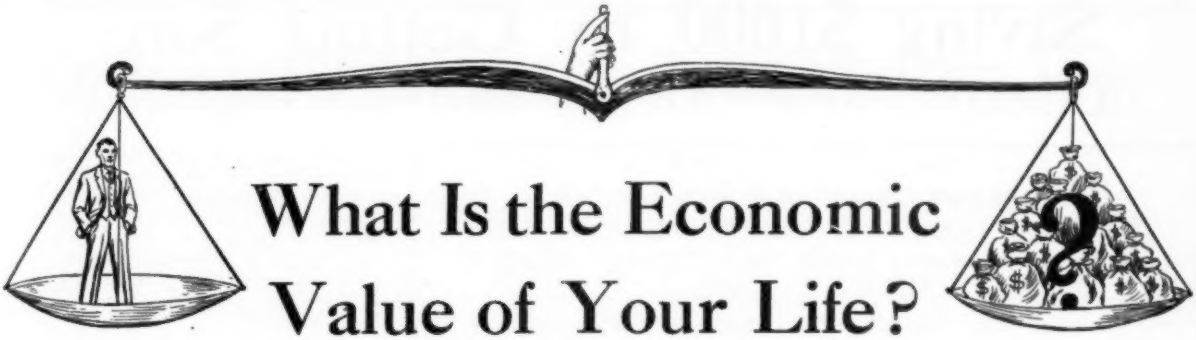
(10) Name three standard indices of the financial position of a given corporation and explain how they are applied to individual cases.

(11) Show how to compile the following data concerning a given corporation: Working Capital; Asset Ratio; Book Value of Stock; Fixed Charges; Operating Ratio.

(12) Explain the difference between "depreciation" and "depletion." What is the meaning of "amortization"?

(13) Give five rules for determining the investment-attractions of any corporation-security.

The above questions, it may be noted, and a host of others like them have been discussed from time to time in the columns of this department. Readers who have kept their files intact should have little difficulty in finding the answers to them all.



What Is the Economic Value of Your Life?

How the Courts Regard a Man's "Money-Value"—Do Individuals Underestimate?

By FLORENCE PROVOST CLARENDON

THE economic value of a man's life is often a debatable question. The breadwinner of the family frequently underestimates the financial loss which would be incurred by his dependents in case of his untimely death. This is evidenced by the small amount of life insurance protection carried by the average man, when compared to his earning capacity and his family responsibilities.

What Statistics Show

Statistics obtained from the records of some fifty railroad attorneys in this country give a working basis in attempting to estimate the economic value of a man's life. This data is from records of settlements made in 1922 by railroad companies in compensation for accidents occurring on the respective roads. Court decisions regarding fatalities among younger lives are particularly interesting, as illustrating the judicial opinion on the economic value of the life of a young man of moderate income:

A brakeman, age 28, earning $140 a month—judgment $27,500.
An engineer, age 34, earning $200 a month—judgment $32,000.
A brakeman, age 31, earning $185 a month—judgment $29,000.
A fireman, age 32, earning $70 a month—judgment $12,000.
A brakeman, age 29, earning $90 a month—judgment $16,000.
A conductor, age 34, earning $215 a month—judgment $35,000.

It is apparent from these judicial decisions that every life has an economic value which at least can be approximated. The sad thing is that this value is usually determined *after death*, and then only because some one is responsible for the accidental death, and there is a chance that the financial loss to dependents may be recovered.

When redress is sought through the courts for compensation to dependents because of death occurring through criminal negligence, the economic value of the life thus taken is always placed by the plaintiffs at a high figure. Yet what preparation has been made by the breadwinner himself to protect his family in event of his death occurring from *any* cause? If he has not carried sufficient life insurance, or built up some kind of a thrift fund through other channels, he has not fulfilled his own responsibilities to his dependents. Since death by accident is merely a possibility, but death through some cause is inescapable, the head of the family must see to it that provision is made for his untimely passing.

Ample Food for Thought

The verdicts awarded in the before mentioned cases give food for thought, and may cause some men to reconstruct their ideas as to the proper amount for family provision. Take, for instance, the young brakeman 31 years old, earning $185 a month, for whose accidental death a verdict of $29,000 was awarded. A breadwinner of that age with an income of about $2,200 or more a year would probably consider that he was fairly well insured if he carried a policy of say $5,000. Many men in similar circumstances carry less. Yet $5,000 represents about one-sixth of the economic value of this man's life as judicially determined.

It has been said that 10% of a man's income should be diverted towards life insurance. Some experts double the percentage and say a fifth of the income. A good plan is to place 1/10 of the annual income towards the payment of life insurance premiums, and 1/10 in savings banks or other conservative channels.

If a young man about 30 years old on an income of about $2,500 a year (*Please turn to page* 182)

BYFI'S
Recommendations Table
(For Small Investors)

$100 Bonds	Recent Price	Yield to Maturity
St. L. & S. F. R. R. prior lien 4s, '50	77 3/8	5.70
Laclede Gas 5½s, '53	101½	5.45
U. S. Rubber 5s, '47	88	6.15

Preferred Stocks	Per Share Dividend Rate	Recent Price	Yield
Cluett Peabody	7	107	6.45
American Ice	6	82	7.32
Mack Truck 1st	7	109	6.50
Radio Corp.	3½	51	6.80
Schulte Ret. St.	8	112	7.20

Common Stocks	Per Share Dividend Rate	Recent Price	Yield
American Tel & Tel	$9	138	6.05

Saving $1000 By Getting Sore

Or, Proof That All B. & L. Associations Are Not Alike

Comparative Loan-Cost in Two B. & L.'s Showing the Large Saving Found Possible by the Author of the Accompanying Article Merely Through Switching His B. & L. Account.

The "Home Town" Association		The New York City Association	
Cost of Procuring Loan....	$100	Cost of Procuring Loan........	160
$40 per Month for 12 yrs...	5,760	$40 per Mo. for 11½ Yrs.......	5,560
Value of $4 per mo. for 12 years, if put in same institution as savings instead of premium	800	Total	$5,720
		Loan Cleared	4,000
Total	$6,660	Cost of $1,000 for 12 Years....	$1,720
Loan Cleared	4,000	Cost of $1,000 for 1 Year......	36
		(Or an Interest Rate of 3½%)	
Cost of $4,000 for 12 yrs.....	$2,660	Saving in 12 Years over "Home Town" Assn.	$940
Cost of $1,000 for 1 yr. .... (An interest rate of about 5½%)	55.40		
For 12½ Yrs. Cost Would Be	$2,900	Saving in 12½ Years	1,180
For 13 Yrs. Cost Would Be	$3,140	Saving in 13 Years	1,420

SOME eight years ago, on the advice of my father, I took out some shares in the Building & Loan Association in my home town in the suburbs of New York. It was with great interest that I read over the by-laws printed in the pass-book furnished me, and also the literature the Association put out showing how their plan worked. From all this I gathered that on their savings plan a payment of $1 per share for about 144 months or 12 years, would mature a share worth $200. On the other hand, were I to borrow on a first mortgage on a dwelling it would be necessary for me to pay $2 per month for about 144 months in order to clear off a loan of $200 at the end of that period. The only other charges mentioned were: For joining the Association, $1; Transfer Fee (in case I wished to sell my shares) $1; and a fine of 2c per share per month in case the dues were not paid promptly each month.

My Post-War Accumulations

After the war, and with an eye to the future when I should have a home of my own, I accumulated by purchase and by taking out additional shares, a maturity value of $4,000. This was the amount of the mortgage I figured I could conveniently carry. Came the time when the home was built and as a result the bank account depleted to almost zero, whereupon I secured a straight mortgage of $4,000. Things were'nt going so well then and I did not care to take up the B. & L. plan of mortgage on which it would have been necessary for me to pay $40 per month, so I secured a loan from a local retired farmer who did not charge me a single penny for the money over the legal rate of 6% and the expenses of search, tax, etc. In doing this I was only paying out $20 a month in interest.

I carried this mortgage for several years but always had an uneasy feeling about it as it has always been my aim to own my home free and clear. Having a straight mortgage is the one best way of not attaining that objective.

Several months ago things had so shaped themselves that I felt I could now assume the extra payments on the B. & L. plan, so down I went to the office of the B. & L. Association where so large a part of my savings had gone in previous years. Yes, I could have the loan alright in a couple of months. There would be the usual charges for appraisers fees, search, mortgage tax, etc. amounting in my case to about $100 It would then be necessary, I was informed, for me to pay $40 per month—plus *a premium charge of* 20c *per share per month.* As the shares have a maturity value of $200 each, this meant in my case that I would pay $4 each month on account of the premium, making total monthly payments of $44.

Now, here is where I got sore: Neither the by-laws that were furnished me, nor any of the literature that I had received up to the time of applying for the loan, had mentioned anything about a premium being charged. I had continued a savings member of this association for several years in the belief that, whenever I wanted a loan, I could get it without paying premiums. I refused to pay the premium and so I got no loan. I later found that a year or so previously "The Directors" of the Association had passed a resolution adding the premium to the regular monthly charges. I took the stand that this could not be done by the directors and only by a vote of the shareholders, as it was a mutual association. The Directors then countered with a copy of Chapter 61, Laws of New York, Par. 41, which became a law on March 3rd, 1925, and reads in part as follows:

1. *The by-laws of any savings and loan association may be altered or amended from time to time, provided such alterations or amendments shall have first received the written approval of the superintendent of banks and shall thereafter have been posted in a conspicuous place in the office of the association for thirty days and shall thereafter be duly adopted at a meeting of the directors, and a copy of such alterations and amendments shall have been filed in the office of the superintendent of banks within thirty days after such adoption.*

I Desert the "Home Town"

To make a long story short, I got sore and I decided to go out of the old home town for my money. A co-worker called my attention to one of the largest B. & L. Assn's in the state, located in N. Y. City. I went up there, had a short talk with the man in charge. He sent two men out to appraise the property and now the title is being searched. The loan will be completed in about three or four weeks from the time I made my application. Incidentally, I will save about $940 as is shown in the accompanying table. These figures are based on the assumption that the shares in my local Association would mature in 12 years or 144 months whereas the Secretary told me that they have been known to run as long as 13 years. If the shares in my "Home-Town" Association were to run for 12½ years my saving would be $1,180 and if they go to 13 years would amount to $1,420. Where my loan is now placed it is so worked out that I pay only 6% interest on the unpaid balance so that it can be definitely figured out just how long it will take to pay off the loan at a given rate. The period is just 11 years 6 months and a few days.

Petroleum

Striking Features of the Oil Situation

Smackover Production a Source of Worry to the Industry — Standard of Indiana's Coup—Continental Oil Scandal—Oil Profits.

"LIFE is just one d—— thing after another," has been remarked and the saying applies with equal force to the oil business. For the third time in succession, the industry has entered upon a new calendar year, shipshape and in high hopes. Twice those hopes were dashed and now there is the prospect that they may be again doomed to disappointment.

In 1923, it was the Los Angeles basin which poured forth a mighty flood, running the country's production to record figures and knocking the spots out of prices. Last year the Mid-Continent field opened up, starting crude and refined prices on a long chute whose bottom was not reached until near the end of the year.

Then came the "bogey" of the Wortham field in north central Texas, which, for a while looked as though it might upset the oil apple-cart. The Wortham field, however, proved to be a volatile, flush production area which quickly fell off. The oil industry breathed a sigh of relief and entered 1925 full of cheer. For a while matters went gaily as the proverbial marriage bell and it looked as though 1925 would be an excellent, if not a "big," oil year. Then the deep sands of the Smackover field began to belch forth huge quantities of petroleum and the oil world is beginning to ask if the industry is not in for what one writer has termed the "52nd annual overproduction."

* * * * *

Smackover's Big Output

At the beginning of the year, Smackover was producing approximately 110,000 bbls. daily. In the week ending May 2, Smackover produced a daily average of 355,500 bbls. of combined light and heavy oil. Of this output, appromixately 89% was heavy oil containing less than 4% of gasoline, so that Smackover's great gain in output is not as direful as the figures might seem to indicate. However, the great increase in the country's total production is not to be disregarded. U. S. daily average total production for the week ended May 2 was 2,182,850 bbls., or only 137,664 bbls. less than the highest point ever reached of 2,320,514 bbls. for the week ended July 14, 1923.

Hardly any of the new Smackover production has come to market as most of it is being stored in earth. But its price has dropped as low as 40c a bbl. recalling the days when the Cushing field was a bombshell to the oil industry.

In the Smackover there are now approximately 81 producing wells with 16 temporarily shut off. There are upwards of 100 wells cemented and capable of being drilled in on short notice and altogether there are approximately 475 live operations in the field. So that the prospects for a sharp decline in production in the district are not immediate.

Outlook for Prices

In the final four months of last year, consumption ran considerably ahead of production as shown herewith:

Excess consumption over production

Sept.	2,118,368 bbls.
Oct.	4,998,551 bbls.
Nov.	1,599,072 bbls.
Dec.	4,680,909 bbls.
1925	
Jan.	*4,477,005 bbls.
Feb.	*5,701,776 bbls.

*Excess production over consumption.

The 13,396,900 bbls. withdrawn from storage during the last four months of 1924 were to a large extent offset by excess production over consumption totaling 10,778,781 bbls. in the first two months of the current year. March and April will undoubtedly also show production in excess of consumption, so that from the point of view of stocks on hand the industry is about where it was when the improvement set in last year. As a matter of fact, stocks of crude and refined products at the end of February totaled, in round figures, 514,825,000 bbls. as compared with 515,925,000 bbls. at the end of last September.

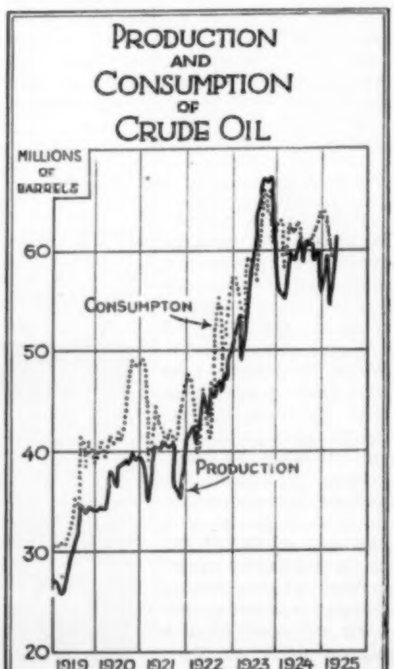
There are those that claim the Smackover production of heavy oil will not materially affect the market for gasoline and there is, doubtless, something in that argument. But with such large stocks on hand the market is more than ordinarily sensitive to the element of demand and supply and the prospect, for the moment at least, indicates a downward rather than a contrary trend of crude and refined prices.

* * * * *

Standard of Indiana's Coup

Acquisition of the controlling stock of the Pan American Petroleum & Transport by two banking groups, in conjunction with the Standard Oil Co. of Indiana, is easily the outstanding event of the current oil year to date. It brings the world's largest individual producer of crude oil under the domination of the world's largest manufacturer of gasoline. It makes Standard of Indiana potentially the second most powerful single factor in the oil trade of this country. A decade ago such a merger would have been vigorously opposed under the Sherman Act, but a more enlightened conception of big business is now the order of the day.

Sale of the controlling stock of Pan American means the "cashing in" of thirty years' work by E. L. Doheny, founder and controlling stockholder in that company. The price paid for the stock was not stated, but if Doheny and the members of his family got only $70 a share, they would have received a total of upwards of $35,000,000. E. L. Doheny will be 70 years old this year. He has experienced a life of activity and vicissitudes far out of the common and is ready to retire and hand over the reigns of power to others.



It is surmised that the whole story of those who bought Pan American's control has not yet come out. Bankers, as a rule, do not go into deals of such magnitude solely for their own account, but usually act as agents for others, or else purchase for the purpose of re-selling to the public. As there has not been and will not be, according to latest advices, a public offering of the securities purchased, the present real owners of Pan American are somewhat of a mystery. At all events, it appears that the position of Standard of Indiana is immensely strengthened and that substantial operating savings should be effected as a result of the consolidation, to say nothing of the increased stability to the industry which should ensue from the merging of two of the largest oil units.

* * * * *

Texas Co. Price Cut

Announcement, recently, by the Texas Co. of a reduction throughout New York and New England of 2c a gallon in the tank wagon price of gasoline bringing it down to 18c, and a reduction of 3c a gal. to 21c a gal. in the filling station price, was the largest individual cut in that territory in many years. There is considerable diversity of ideas as to the reasons for such a drastic cut. Concensus of opinion is that it was due to the fact that gasoline was selling in the territories mentioned proportionately higher than elsewhere throughout the country. Perhaps the fact that gasoline production in March made a new high record of 835,574,214 gals. and that gasoline stocks on March 31 totaled 1,610,868,168 gals., had some bearing on the matter. But gasoline consumption in March was about 36% ahead of a year previous and gasoline stocks at the end of the month only 3½% larger than a year ago. So it would appear that the manufacturers of gasoline may look ahead with some degree of equanimity.

* * * * *

The Continental Oil Scandal

Faith in the present leadership of the oil industry has received a severe setback from the Teapot Dome and Continental Oil Co. of Canada, scandals. When individuals who have been regarded as high lights in the industry, apparently conspire to rob their stockholders of $7,000,000 and actually succeeding in getting away with upwards of $2,000,000, by the old "army game" method of purchasing through a dummy company and reselling at a higher price to their own companies, the oil shareholder may well ask where he gets off if such is the custom in the oil business. Fortunately, it may be said, such practices are the exception rather than the rule.

Such episodes, however, do much to destroy confidence in oil investments. Inasmuch as the oil business periodically comes to the public for funds, it cannot afford scandals which tend to create the impression that large companies are being "milked" by the insiders in positions of public trust.

Perhaps the most astonishing aspect of the Continental of Canada episode, however, is the fact that the stockholders of Standard of Indiana, Sinclair Consolidated and Prairie Oil & Gas have taken their losses "lying down." This publication was among the first to point out the considerable losses which those companies incurred through the Continental episode, and also that proper legal action would undoubtedly result in every dollar taken unlawfully being returned to the treasuries of the several companies. Beyond scattered and ineffectual protests by a few minority stockholders, nothing has happened to date to right the wrong which apparently has been worked. One would almost suspect that certain stockholders do not object to having their pockets picked.

* * * * *

Naval Reserve Litigation

Defeated in its first action against E. L. Doheny, H. F. Sinclair, former Secretary of the Interior A. B. Fall and E. L. Doheny, Jr., through a legal technicality, the Government has sought new indictments in the Naval Reserve oil scandals. The mills of Government action move slowly and sometimes they grind exceedingly fine. In the present action, however, it is difficult to see how the Government will make out its case owing to the lack of corroborative evidence. The principals will refuse to testify on Constitutional privilege grounds, and much doubt exists in legal circles as to whether there is sufficient collateral evidence to sustain the Government's claim. There is no such thing as a verdict of "Not Proved" in this country and the Government must either convict or an acquittal will follow with its connotation of innocence. The spectacle of important witnesses needed by the Government absenting themselves from the jurisdiction of the Federal courts, is one which will leave an indelible impression on the public mind. It follows along the lines that silence means assent, in this case assent to the Government's charges.

That the oil industry is dazed by the Teapot Dome and Continental oil revelations, is no overstatement. Oil leaders find difficulty in believing that the men charged with serious offenses can have been guilty of the alleged acts. Discussing this matter with the writer recently, one of the country's leading oil men said:

"For a long time I was convinced that a serious error had been made and that the accused men would come out with statements which would conclusively prove their innocence. On the contrary, they have apparently availed themselves of every legal device and subterfuge to escape testifying. I am obliged to admit that the whole situation looks very bad."

R. W. Stewart, chairman of the board of the Standard of Indiana, had long enjoyed a reputation of being one of the squarest men, as well as one of the ablest, in the industry. When oil operators became deadlocked in some dispute one would often say: "Let's leave it to Bob Stewart to decide. He's absolutely on the level and we can depend upon a fair decision." Yet Stewart is mentioned as being one of the leading movers in the nefarious Continental Oil Co. of Canada episode. When the Government suit against Doheny, Fall et al. was called, Stewart was out of the country and remained away while litigation was in progress. Of the five oil men connected in an important way with the Continental Oil Co., only one remained in the Federal jurisdiction at the time of the trial. That one was H. F. Sinclair who is under indictment and who, as was indicated by statements by his attorneys, would plead Constitutional privilege if called upon to testify.

* * * * *

Oil Profits

Lest we appear to have painted the oil situation in too sombre a hue let us hasten to add that, while the outlook is less brilliant than at the beginning of the year, it is by no means gloomy. Generally speaking profits of oil companies last year showed material improvement over 1923's profits. If prices can be maintained at present levels 1925 should show considerably better than 1924.

Oil Going Into Earthen Storage

Mining

Ahumada Lead Company

A New Lead Company of Promise

Operates in Mexico—Company Small but Apparently Sound and Well Managed—Position of Stock

NEW lead producers are about as rare as the proverbial hen's teeth. Therefore when the stock of the Ahumada Lead Company made its initial appearance on the New York Stock Exchange last month, it was accorded more than the usual attention given to a new listing.

Lead prices in the last decade have doubled, on average, owing to the fact that the known lead mines are being gradually worked out at increasing operating costs and there have been exceedingly few discoveries of commercial deposits of lead ores in recent years. A continuance of the present situation means one or two things; either further discoveries of lead mines must take place, or the price of lead will work higher over a period of time; also the use of lead substitutes will increase. There are certain purposes, however, for which lead is especially adapted and which do not permit of satisfactory substitutes. There is no immediate outlook for a reduction in the price of lead beyond those more or less temporary fluctuations incidental to every raw material industry, since there is no prospect of discoveries of mines with production sufficient to materially affect the price of the metal. Ahumada Lead is a holding and operating company organized under the laws of Delaware. It has no funded debt. Its stock capitalization consists of an authorized total of $1,300,000, par $1 of which 1,192,018 shares have been issued for purposes shown in the tabulation herewith. There is no promotion stock and no stock has been sold except at par. Under the terms of its charter the company holds the stocks of other corporations, is the purchaser of lead-silver ores and other mine products, and has contracts with other corporations covering the smelting and selling of its products.

Two main mining syndicates, Lamentation and Ahumada, which the company took over, were formed by mining men familiar with the district in which the properties are situated for the purpose of acquiring mineral lands in the Los Lamentos Mountains, District of Bravos, state of Chihuahua, Mexico. The two chief operating companies of Ahumada Lead are the Cia. Minera Erupcion y Anexas, S. A. and the Cia. Minera de Ploma, S. A. Through a third operating subsidiary the company built a standard gauge railroad 47 miles in length to its properties.

Properties

Through its Mexican subsidiary, Cia. Minera de Plomo, Ahumada Lead owns in fee 3,591 acres in the Los Lamentos mountains of Chihuahua and owns in part or has under option, considerable additional territory. The Cia. Minera Erupcion subsidiary owns 153 acres in the same district adjoining the Ahumada property on the south. The Cia. Minera de Plomo subsidiary also owns approximately 3,100 acres. In addition, the company has a 35% interest in the Carmela mining property owning 60 acres, and a two-thirds interest in the El Carbonato and Los Lamentos properties covering 330 acres. Options held by the company cover 170 additional acres, and there is an unsettled mining denouncement on 156 acres.

On the properties of the company are numerous orebodies of varying character and value. Figuring lead at 8c a lb. and silver at 68c an ounce the average gross value of the lead and silver content of Ahumada ore is $44.53 per ton and of the Erupcion ore $47.58 per ton. The Ahumada and Erupcion ores are smelted directly at the El Paso works of the American Smelting & Refining Company.

Work on the Erupcion properties was commenced in 1921 and first ore shipments were made in August of the following year.

Owing to the irregular nature of the

Purposes for Which Ahumada Lead's Outstanding Stock Was Issued

Par Valued Issue			Valuation of Assets Received
$322,592	par value paid for assets of Lamentation Syndicate, which included:		
	200.152 shares of Erupcion Mining Company stock purchased in the open market for	$132,733.65	
	Paid on account of option to purchase 300,000 shares of Erupcion Mining Company stock at par ($1)	151,437.24	
	Cash in Treasury	3,183.61	
	Sundry assets and expenses ..	35,237.50	
			$322,592.00
$196,759	par value paid for assets of Ahumada Syndicate, which included:		
	Paid for entire Capital Stock of the Compania Minera de Plomo, S. A., and advances made to that company up to and including January 31, 1921	$180,876.25	
	Cash in treasury	14,680.67	
	Sundry assets	1,202.08	
			$196,759.00
$665,667	par value for cash at par		665,667.00
$ 7,000	par value for services		7,000.00
$1,192,018			$1,192,018.00

company's orebodies an accurate estimate of developed ore would be prohibitatively expensive, if not impossible. An engineer's report states that it "seems reasonable to expect a life of at least six or eight years for the Erupcion mine. In the Ahumada property, development work up to the present has touched only 16 acres. The limits of the known orebodies have not been reached. And in the great undeveloped area there are many surface showings as promising as that over the developed ore. There is every reason to believe that the Ahumada Lead Company will produce many times the tonnage of ore now developed, and that it will continue to be one of the leading lead producers of Mexico for many years to come."

Earnings

Earnings of the Ahumada Lead's operating subsidiaries in 1923 were equal to approximately 95c a share on the company's 1,192,018 shares at $1 par value outstanding. In 1924 earnings were equivalent to $1.53 per share on the outstanding stock and in that year the company paid regular

(*Please turn to page* 158)

International Nickel Co.

International Nickel Nearing Common Dividends

Reasons for the Decline and the "Come-back" of "Nickel"

AT the end of the World War, the International Nickel Co. faced a very serious problem. While, prior to the war, the company had succeeded in developing a considerable commercial demand for its products, by far the greater demand for its output came from manufacturers of nickel steel for armament purposes.

The fact that the ending of the war found considerable supplies of nickel steel on hand and, furthermore, that the limitation of armaments among leading nations reduced the prospective demand to a minimum, put the Nickel company squarely "up against it."

In 1919, the company passed the common dividend. Operating income, which, during the war period, ran as high as $16,728,013 (1917) fell away sharply and at length diminished to a dribble. In 1922 the company's operating income, was but $373,086 and net income was represented by a deficit of approximately three-quarters of a million dollars.

The year ended March 31, 1922, however, represented the darkest period in the company's history. In 1923, Nickel had an operating income $1,153,322. While the balance earned for the common was equivalent to only 54c per share on the preferred stock in 1923, the change from an operating loss to a balance before preferred dividends, was a welcome relief from the results of the preceding year.

In the year ended March 31, 1924, the company showed a further stride forward towards recovery of its prewar position. Operating income totaled $2,803,784 and the gross income of $3,025,654 represented an increase of 135% over 1922's gross. Not only did Nickel earn its preferred dividends but also showed a balance of 40c a share on its common stock.

In the nine months ended December 31 last, the company earned a balance equal to 73c a share on the common. So it would appear that in the fiscal year ended March 31 last Nickel should show something like $1.00 per share earned on its junior issue. While such profits may seem puny in comparison with those of the "good old days" in the company's affairs, the steady trend upward is impressive and worthy of the investor's study.

The key to the situation lies in the fact that a few years ago International Nickel realized that its salvation lay in being not only a producer of nickel, but a fabricator of its product as well, i. e. a manfacturer. International Nickel now produces sheets, rods, bars and tubes of a high quality and finish. In 1922, a new, monel metal rolling mill was completed and put into operation near Huntington, W. Va., at a cost of upwards of $3,500,000. The company last year put into operation a modern research laboratory at Bayonne, N. J. Commercial uses for nickel are varied and increasing. The automobile industry requires nickel steel for crankshafts, gears, axles, etc. and nickel is used on radiator shells and for trimmings. In the steam engine industry, nickel and monel metal is used for high pressure and superheated valve seats, condensor tubes, turbine blades, etc. It would require an entire page of this publication merely to list the present uses of nickel and nickel alloys.

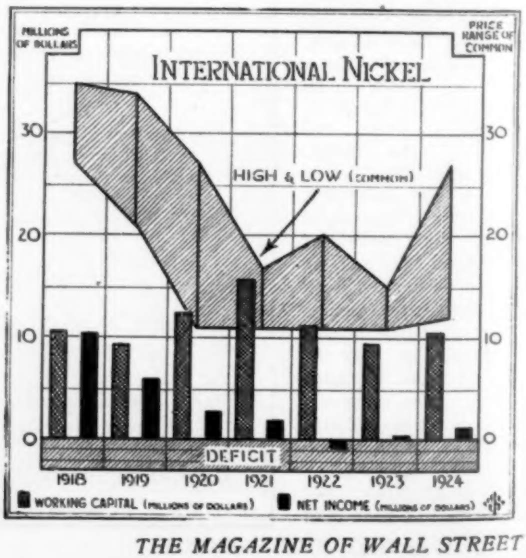
According to J. T. Agnew, president of the company, it is not unlikely that in a few years it will be possible to develop a commercial demand for nickel which will stand comparison with any previous demand in the company's history.

All of which tends to show that International Nickel is slowly approaching the time when it may consider the matter of resuming common distributions.

Through its vicissitudes, nickel has been able to maintain a good working capital position. That item, as of December 31 last, totaled approximately $12,765,352 and included $1,304,475 in cash, $900,000 in call loans and $1,106,568 in Government securities. Working capital is equivalent to $143 per share on the outstanding preferred stock. The company has no bonds. Outstanding preferred totals $8,912,000 par $100, and common $41,834,600, par $25. Nickel could easily finance additional capital expenditures, if deemed advisable, by a bond issue or issuance of the remaining $3,000,000 of 6% preferred, treasury stock.

Selling at 97 the preferred returns a trifle better than 6% on an investment at that price. As an investment for income it has merit but it offers little at its present price to the investor for income and profit as the dividend is limited to 6%.

The common stock is an attractive speculation for the buyer who has the patience to await the fulfillment of the dividend promise. It would not surprise the writer to see the company do something in the way of common dividends this year, although that is entirely conjectural. International Nickel's "come-back" appears to be soundly based and of a progressive nature. Eventually that will mean a higher range of price for the common.



SERVICE SECTION

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands received—43,000 in 1923. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

FEDERAL LIGHT & TRACTION

Stock Split-Up

Any information you can supply me in regard to Federal Light & Traction new stock will be appreciated.—C. T. F., Norristown, N. J.

Federal Light & Traction controls public utility companies serving sixteen communities with a population of 200,000 in the states of Arizona, Arkansas, Colorado, Missouri, New Mexico, Oklahoma, Washington and Wyoming. Over 94 percent of the earnings are derived from the sale of electricity and gas. Recently, the company authorized new common stock of $15 par value to be exchanged for the old stock on the basis of five shares of new for one of the old. A quarterly dividend of 20 cents in cash and 15 cents in stock has been declared on the new common payable July 1st to stock of record June 15th. The company has shown consistent earning power for a number of years. In the period 1919-1924 net earnings increased 300% and there was an increase each year over the preceding year. In 1924, net was 1.2 million equivalent to approximately $3.40 a share on the new common.

AMERICAN WOOLEN PREFERRED

Switch Suggested

I have among my investment holdings 100 shares of American Woolen preferred which, at present levels, shows me a loss of about 20 points and feel that under the circumstances I need your expert advice. The dividend on this stock does not seem any too safe and yet it would be a great hardship for me to take so large a loss. The only way out I see is to switch to some other stock with good prospects of advancing in price and which would give me a good return on my money, if there is any such stock now available. What can you suggest?—C. T. L., Trenton, N. J.

While American Woolen management will probably make every effort to continue payments on the preferred stock, this dividend cannot be regarded as very well protected in view of the unfavorable conditions existing in the textile industry and the fact that at the close of 1924 the company was carrying bank loans of over $11 millions. We believe you would improve your position by switching into Dodge Bros. $7 preferred stock which is selling at approximately the same price as American Woolen preferred. Dodge Bros. is one of the largest automobile manufacturers and earning power is showing consistent growth. In 1924, the preferred dividend was earned more than 2¼ times and indications are that considerably larger earnings will be reported this year. As Dodge Bros. preferred stock becomes more seasoned, we believe that it will gradually advance to higher levels and in the meantime you will be receiving a return approximately the same as in the case of American Woolen preferred.

NIPISSING MINES

Life of Mine

How much longer do you suppose Nipissing will continue a substantial dividend payer? I notice the operating company's income gross and net has been dropping for the past three years, and last year barely equalled the dividends necessary for the holding company to continue paying profits to stockholders.—H. S., Chicago, Ill.

It is impossible to accurately determine the life of a mine such as Nipissing. In a mine of this formation it is impractical to block out large ore reserves and how successful further development work of the underground workings will be is a matter of conjecture. A careful examination of the operating results and development work over the past several years warrants the conclusion that this mine has probably seen its best days and has already extracted the richest ore values. However, in view of the substantial cash assets of the company and prospects of at least several years more of reasonably profitable operations, we should say that the stock is a fair mining speculation at present levels.

PURE OIL

Satisfactory Earnings

Would you recommend that I continue to hold 50 shares of Pennok Oil and 20 shares of Pure Oil? The latter cost me 22 while for the Pennok I paid 16. The oil outlook does not impress me but possibly I am not an expert enough to look ahead far enough. Do you think these stocks are equally attractive. I have about $1,000 more which I would put into either one at present prices if you think best.—M. E., Wilwaukee, Wisc.

While the present oil situation does not warrant the belief that there will be a boom, nevertheless it appears reasonably satisfactory for the large producers of light oil and gasoline, for the reason that what over-production exists at the present time is largely in heavy oils. As the demand for gasoline at the present time is of record-breaking proportion, light-oil producers should receive fair prices for their oil during the greater part of the year. We believe that Pure Oil is sounder than Pennok for the reason that the former is a very well rounded organization being a large refiner and distributor as well as producer. Moreover its production is well distributed among the important fields east of the Rocky Mountains where Pennok's production nearly all comes from one locality. We regard Pure Oil favorably at present levels for the long pull and suggest increasing your commitment in this stock rather than in Pennok.

MACK TRUCKS

Should Profits Be Taken?

Do you think it is about time I took my profit on Mack Trucks? I have only 20 shares and paid $69 a share for them. At different times you have advised me to hold but at the present prices it is hard to keep from taking a profit.—F. A., Brooklyn, N. Y.

Mack Trucks for the quarter ended March 31, 1925 reported net profits after depreciation and taxes equivalent to $4.33 a share on the common stock. Prospects indicate a larger volume of business in the second quarter than in

(*Please turn to page 163*)

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers buy and sell their securities through reliable firms.

School for Traders & Investors

Fifty-sixth Lesson

How to Analyze a Balance Sheet

Ability to Do So Frequently of Great Service to Investor or Trader

THE investor and trader who believes that the statistical information with regard to a corporation is an essential basis for his operations in the company's shares, will study the balance sheet as well as the operating statement. Otherwise he is ignoring a source of valuable information. If he depends on share price movements alone, or in other words technical position, to the exclusion of statistics, he is refusing to make use of some of the most valuable tools at his disposal.

We have pointed out how the earning ability of a corporation may be a valuable factor in determining the probable trend of its shares. We now turn from the operating statement to the balance sheet for additional information that may throw new light on the problem under consideration.

Capital Structure

In the first place, there is the capital structure to be considered. What are the company's capital obligations ahead of capital stock? What is the funded debt, and how much of the gross income is absorbed by interest charges and sinking funds before the stockholders receive consideration? If there is an issue of preferred stock, the payment of a common dividend is one step further off. If the dividend on the preferred stock is cumulative, or the preferred issue is large as compared with the common, or there are two classes of preferred stock, so much the worse for the common stockholder, especially during a period when the margin of profit is small.

Whatever affects the interests of the common stockholder naturally affects the market price of the shares, and the degree to which these interests are likely to be affected depends on the capital structure of the corporation. After consideration of all obligations, if any, ahead of the common stock, it is well to consider the quantity of stock outstanding. There is a big difference between say 50,000 shares, and 5,000,000, when either speculation or investment for profit is involved.

In the case of the small floating supply of stock, a moderate amount of buying or selling may cause a substantial variation in market price. Where the stock issue is large, its market action is likely to be sluggish, and the trader may wait a long time for a small price movement, only to see it eaten up by the carrying charges. In the absence of important variation in earnings from year to year, or lack of special demand, such a stock is likely to be devoid of speculative interest.

Advantage of Stock with Broad Market

On the other hand, the broad-market stock is readily convertible, and the trader may get in or out of the market within a fractional variation, whereas in attempting to liquidate the thin-market stock hastily, he might be compelled to sacrifice a large proportion or all of his profits, or even see a paper profit converted into a loss. Hence, there is a law of compensation in such matters, and the trader who desires certain qualities or characteristics in a stock, must accept the conditions that accompany these qualities.

Large capital assets as compared to capital liabilities, may sustain the price of a stock far above any figure that would be justified by its dividend or record of current earnings. The market price may be discounting a probable capital readjustment, stock dividend or special cash distribution.

Sometimes the price of a stock cannot be justified by any tangible condition as set forth on its financial statement, but this price may rest on considerations most difficult to appraise, such as "good will," patent rights, or special privileges.

Working Capital

The ratio of current assets to current liabilities may be of vital importance in certain cases. This ratio may indicate imminent danger, owing to the nature of the liabilities, or it may show that the company is hampered or actually throttled through lack of working capital. Working capital requirements vary according to the nature of the business and its seasonal variations. Such conditions must be studied by the trader if he expects to make the most of available knowledge in forecasting probable price movements in his favorite stocks.

Significant Information Disclosed to Investor and Trader by the Balance Sheet

The accompanying table sets forth some of the bullish and bearish conditions that a study of the balance sheet will usually bring to light.

BULLISH	BEARISH
1. No capital obligations ahead of common stock.	1. Excessive funded debt and preferred stock issues.
2. Small number of common shares issued.	2. Physical assets trivial and of questionable value.
3. Property assets large and valuable.	3. Very large issue of common shares in proportion to earning power.
4. Large ratio of current assets to current liabilities.	4. Dangerously small ratio of current assets to current liabilities.
5. Current liabilities small and trivial in character.	5. Current liabilities likely to be embarrassing or dangerous.
6. Ample working capital.	6. Inadequate working capital.
7. Large surplus and reserves for all purposes.	7. Operating deficit, and emergencies unprovided for.

·SERVICE·SECTION·

TRADE TENDENCIES

Confusing Tendencies in Business

Commodity Prices Still Weakening—Production Being Adjusted to Demand

STEEL

Unsettlement Noted

PRODUCERS are attempting to stay the decline in steel prices in the hope that stabilization will hearten consumers and lead to a recovery in demand. The market is an uninteresting affair, however, except in respect to buying for the account of automobile and farm implement manufacturers. Production, apparently, is still in excess of consumption. The inference to be drawn, accordingly, is that some further readjustment in operating schedules will be necessary despite the fact that output is now running around an average of 70% of capacity.

With the sag in sales and prices, discussion of a wage reduction is beginning to be heard in some quarters. While the mills would probably welcome an opportunity to bring their

(*Please turn to page* 184)

COMMODITIES

(See Footnote for Grades and Unit of Measure)

	1925 High	1925 Low	1925 *Last
Steel (1)	$38.00	$35.50	$35.50
Pig Iron (2)	22.00	19.50	19.50
Copper (3)	0.15¼	0.13¼	0.13⅝
Petroleum (4)	3.85	3.00	3.30
Coal (5)	1.95	1.82	1.82
Cotton (6)	0.25⅝	0.23½	0.23½
Wheat (7)	2.16	1.48	1.87
Corn (8)	1.27	1.03	1.13
Hogs (9)	0.13⅝	0.10⅛	0.11⅞
Steers (10)	0.11½	0.10⅝	0.10¾
Coffee (11)	0.23½	0.19¼	0.19¼
Rubber (12)	0.49¾	0.35	0.49¾
Wool (13)	0.70	0.48	0.48
Tobacco (14)	0.24	0.22	0.22
Sugar (15)	0.04⅝	0.04½	0.04½
Sugar (16)	0.07	0.05½	0.05¾
Paper (17)	0.04	0.03¾	0.03¾

*May 12.

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, $ per pound; (10) Top, Heavies, Chicago, c per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, — per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

THE TREND IN MAJOR INDUSTRIES

STEEL—Producers are endeavoring to stabilize prices. The effect has been to bring some improvement in sentiment but operating conditions show no indication of early change. Industry running around 70% of capacity.

METALS—Business in copper is a little more active and prices show a firmer undertone. The immediate outlook favors a more stable market in the red metal.

OIL—Gasoline cuts in New York and New England districts regarded in nature of evening-up process. Market stronger in Mid-Continent area. Further decline in light oil production helps situation.

TEXTILES—Conditions in the textile industry give no indications of improvement. Business is disappointing except in silks where high rate of activity is maintained.

LEATHER—Hide prices again tending to sag. Some sympathetic weakness in leather but buyers manifest a little more interest. Nearby prospect suggestive of comparative dullness.

MOTORS—Favorable weather has stimulated motor car sales in all sections of the country with a good demand in farming regions. April output witnessed new production records at several plants.

TIRES—Tire industry continues to move ahead at record proportions. Advance in crude rubber to highest levels since 1919 likely to force another advance in tire prices.

WHEAT—Wheat market firmer in appreciation of probable falling off in winter wheat yield compared with last year. Present indications point to probability of reduced export surplus this year.

COTTON—Cotton market sells off as heavy rains improve crop outlook. Depressed condition of finished goods industry a factor in withholding trade support.

PUBLIC UTILITIES—The traction situation still the one bad spot in an otherwise prosperous industry. Gross and net earnings of electric and gas companies continue on the up-grade. Long pull outlook encouraging.

MACHINERY—Machine tool sales reflect the irregular trend of activities in manufacturing lines, with business generally quiet. Farm implement companies report marked expansion in sales volume.

SUMMARY—The business prospect is rather difficult of brief analysis by reason of the wide variation in conditions. Sentiment has lately grown more cheerful but this turn seems to lack a tangible basis. Commodity prices are still tending downward and production, in the aggregate, will probably undergo a further readjustment to conform with actual consumption.

AHUMADA LEAD CO.

(Continued from page 150)

dividends of 30c per share and 25c extra. In January of the current year the company paid 7½c regular and 7½c extra and in April 7½c regular and 17½c extra. For this year to date, then, dividends have been at the annual rate of $1.20 per share.

Position of Stock

Selling at $10 a share and paying at the rate of $1.20 per annum the stock of the Ahumada Lead company returns 12% on the investment which is an attractive return for a first grade mining issue. That Ahumada possesses properties of value and that it can work those properties profitably is evident from its comparatively short record of operations. Nor is the market for lead, in the writer's opinion, likely to decline to a point which will not allow the company to show good profits from its operations.

The two factors of uncertainty in connection with the company are: 1—the question of the stability of Mexican political conditions and, 2—the matter of ore reserves. In respect to the former it may be said that conditions in Mexico are now more tranquil than for many years. The Mexican peso sold above par recently for the first time in fifteen years. In reference to ore reserves it may be pointed out that the company in its two years of operations has touched only a small portion of its acreage and there are indications that in the remaining acreage as good or better ore will prove up, as the company yet has mined.

Ahumada Lead is not a big proposition but it appears sound and well managed. Its stock may be regarded as a mining speculation of more than usual promise.

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Proposed Changes

(Continued from page 139)

ILLINOIS CENTRAL R. R. CO.

To acquire control: of the VICKSBURG, SHREVEPORT & PACIFIC RY. CO. and the ALABAMA & VICKSBURG RY. CO. through 250-Yr. leases under the terms of which the Lessee guarantees Divs. and Int. on outstanding securities of the two leased roads.

INTERNATIONAL PAPER CO.

To exchange: new 7% Pfd. for present $25,000,000 6% Pfd. outstanding, upon payment of $10 a share in cash by present holders.

KANSAS CITY SOUTHERN.

To purchase: the LOUISIANA RY. & NAVIGATION CO., which operates 303 Mis. of Ry. from Shreveport to New Orleans and 27 Mis. from Aloha to Winnifield, La.

LUDLUM STEEL CO.

To issue: to bankers, additional Cap. Stk. .... shs. 15,000
(45% of proceeds to be used to redeem part of the 1st mtg., s. f., Ser. "A," 7s, '43, of which $1,194,000 were out Jan. 1.)

MACY (R. H.) & CO.

To purchase: a substantial interest in DAVISON-PAXON-STOKES CO. of Atlanta, to further the plan of extending its operations outside New York.

MAGMA COPPER CO.

June 1—To redeem: at 105, 10-Yr., cv. 7s, '32, entire issue. $2,740,500

MANILA ELECTRIC CORP. (THE)

Until May 25—Foreign holders may exchange their Stk. for cv. deb. 6½s of ASSOCIATED GAS & ELECTRIC CO. in ratio of $50 Debentures for each Sh. Stk.

MARLAND OIL CO.

Until July 1—J. P. Morgan & Co. has option to purchase an additional block of Cap. Stk. at $39 .... shs. 235,000

MAXWELL MOTOR CORP.

Stockholders desiring to exchange their Stk. for Stk. of the proposed CHRYSLER CORP. must deposit same prior to May 24. (More than 80% had been deposited up to May 8.)

McCRORY STORES CORP.

June 1—To pay: to Class "B" holders of record May 20, a 1% Div. in Class "B" Stk. .... shs. 499

MINNEAPOLIS & ST. LOUIS R. R. and DES MOINES & FORT DODGE R. R.

Time for deposit of bonds without penalty extended to May 23.

MISSOURI PACIFIC R. R. CO.

Aug. 1—To redeem: at par, 1st and rfndg. mtg. 5s, Ser. "C," '26, all $9,044,000
Until June 1—Offers to exchange: $120 face Amt. of its s. f., col. tr., 7% g. Notes, '39, for each of the remaining 36,833 outstanding Shs. of Cap. Stk. of NEW ORLEANS, TEXAS & MEXICO RY. CO. not already acquired. (Said Stk. now pays 7% Divs., whereas $8.40 in Int. would be received under the exchange.)

MOTOR WHEEL CORP.

To issue: for cash, block of non-par Com .... shs. 60,542
Sept. 1—To redeem: s. f., g. 6s, '33, entire issue $1,405,500

MURRAY BODY CORP.

July 1, Oct. 1 and Jan. 2, 1926—To pay: to Com. Stockholders a 1½% Div. in Com. Stk.

NEW ORLEANS, TEXAS & MEXICO RY. CO. (See MISSOURI PACIFIC R. R. CO.)

NEW YORK RAILWAYS.

Reorganization: Holders of CENTRAL CROSSTOWN R. R. CO. 1st mtg. 6s, '22, must either assent or dissent prior to May 24.

NIAGARA, LOCKPORT & ONTARIO POWER CO.

Aug. 1—To redeem: at 110; Ser. "A," refndg., s. f., 6s, '58, all. $3,795,900

NORFOLK & WESTERN RY. CO.

May 23—To acquire control: through lease, of the VIRGINIAN RY. CO.

PAN AMERICAN PETROLEUM & TRANSPORT CO.

Stockholders to be offered right to subscribe to Stk. of the PAN AMERICAN WESTERN PETROLEUM CORP. (Latter Corp. to be organized, with Auth. non-par Cap. of 200,000 shs. Class "A" and 800,000 shs. Class "B" Stk., to take over the California interests of the former Co.)

PENNY (J. C.) UTAH CORP.

Prior to July 1—Stockholders must exchange their stock, share for share, for that of New Delaware Co.

PEOPLES GAS LIGHT & COKE CO. of Chicago.

Stockholders to be offered right to subscribe: at $100, to 1 Sh. new Cap. Stk. for each 10 Shs. held $3,850,000

READING CO.

To sell: 4½% eq. tr. ctfs $7,500,000
Until Dec. 31—Com. and 1st and 2d Pfd. holders of record Dec. 17, 1923, have right to purchase, at $4, 1 sh. non-par Stk. of PHILADELPHIA & READING COAL & IRON CORP. for each 2 Shs. of Reading held .... shs. 1,400,000

ROSSIA INSURANCE CO. OF AMERICA.

June 1—To increase: Auth. Cap. Stk. from $1,200,000 to $1,600,000.
Until July 3—Cap. Stockholders of record June 6 have right to subscribe, at $75, to 1 new Sh. for each 3 held $400,000

ST. LOUIS-SAN FRANCISCO RY. CO.

Until Oct. 1—Offers to redeem: at par, all of its Southwestern Div. 1st mtg. g. 5s, '47 .... $379,000

SCHULTE RETAIL STORES CORP.

June 1—To pay: to Com. Stockholders of record May 15 a $2 Div. in Pfd. Stk. $750,000

SOUTHERN PACIFIC CO.

To acquire: the TEXAS-MEXICAN RY. (A 162-Mi. Subs. of the NATIONAL RAILWAYS OF MEXICO.)

STERN BROTHERS.

May 25—To retire: at $116.89, 27,796 Shs. 8% Cum. Pfd., all. $2,779,600

TIDE WATER OIL CO.

About July 9—To exchange: 4 Shs. new non-par Cap. Stk. for each $100-par Sh. now held.

TRANSCONTINENTAL OIL CO.

June 1—To redeem: at 103, entire issue of NATIONAL STEEL CAR LINES, Ser. "B," eq. tr. ctfs., 6s $1,000,000

UNITED DRUG CO.

Prior to July 6—To issue: for cash, additional Com $1,000,000

VIVAUDOU (V.), INC.

To offer: to Com. Stockholders right to subscribe, at $13, to 1 Sh. new $10-par Com. for each 7½ Shs. held $400,000
To retire: at 105, old 7% Cum. Pfd., entire issue $150,000

WESTERN PACIFIC R. R. CORP.

To pay: 33⅓% stock Div.—1 Sh. Com. and 1 Sh. Pfd. to each 6 Shs. of Com. and/or Pfd. held.
This will add to outstanding Com $12,500,000
and will add to outstanding Pfd $12,500,000
(The $5 cash Div. on Com., and $1,558 back Divs. on Pfd., recently declared, will be paid on old Stk. only.)

WEST PENN POWER CO.

June 1—To redeem: at 106, 1st mtg., Series "C" 6s, '58, all. $5,593,000

WILSON & CO.

Reorganization: Holders of obligations and stocks, who have not already deposited same, must do so prior to June 3.
With exceptions noted in advertisements dated May 5, all creditors must file written proofs of claims prior to June 15.

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale May 13	Div'd $ per Share
Atchison	125⅝	90¼	111⅛	75	120⅝	81⅝	127⅞	116⅛	120¼	7
Do. Pfd.	106⅝	96	102⅝	75	96⅝	72	96	92½	95¼	5
Atlantic Coast Line	148½	102½	126	79⅞	152¼	77	166	147¼	162	7
Baltimore & Ohio	122¼	90⅝	96	88¼	84⅝	27⅝	84¼	71	75⅜	5
Do. Pfd.	96	77¼	80	48¼	66½	38½	66½	62⅞	64	4
Bklyn-Man. Transit	..	..	..	..	41⅞	9⅛	45	35⅛	40⅝	..
Do. Pfd.	..	..	..	..	75⅝	31⅝	81⅝	72⅞	†76	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	152⅝	136½	143	10
Chesapeake & Ohio	92	51⅛	71	35⅝	98⅛	46	98¾	89¼	95⅝	4
Do. Pfd.	..	..	..	..	109½	96	109	105¼	†107	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52⅝	10⅞	16⅝	3¼	7⅛	..
Do. Pfd.	181	130⅛	143	62⅛	76	18¼	28½	7	12⅛	..
Chic. & Northwestern	198½	123	136⅞	35	105	45⅝	75⅝	47⅛	54¼	4
Chicago, R. I. & Pacific	..	..	45⅝	16	50	19⅛	54¼	40⅛	47⅛	..
Do. 7% Pfd.	..	..	94⅝	44	105	64	99¼	92	97	7
Do. 6% Pfd.	..	..	80	35⅝	93⅝	54	89½	82	87¼	6
Delaware & Hudson	200	147½	159⅛	87	141½	83¼	155	133⅛	148¼	9
Delaware, Lack. & W.	340	192½	242	100	260½	93	144⅝	125	135	‡6
Erie	61⅛	33½	59⅛	18⅝	35⅝	7	34	27½	29⅝	..
Do. 1st Pfd.	49⅝	26⅛	54⅝	15⅛	49¼	11⅛	46⅞	35½	38⅛	..
Do. 2nd Pfd.	89½	19⅛	45⅝	13⅛	46¼	7⅛	43⅝	35	†37	..
Great Northern Pfd.	157⅞	115⅛	134⅝	79¼	100⅝	50⅝	71⅜	60	63	5
Hudson & Manhattan	..	..	..	..	29¼	20⅝	32½	21⅜	31⅜	2½
Illinois Central	162⅛	102¾	115	85⅝	117⅞	80⅞	119⅝	111	112	7
Interboro Rap. Transit	..	..	..	..	39⅛	9⅛	34⅛	13⅛	20	..
Kansas City Southern	50¼	21⅝	35⅛	13⅛	41⅜	13	40½	28⅝	33⅜	..
Do. Pfd.	75⅛	56	65⅛	40	59⅛	40	59⅝	57	58⅜	4
Lehigh Valley	121⅛	62½	87⅛	50⅝	85	39½	82⅝	69	78½	3½
Louisville & Nashville	170	121	141⅞	103	155	84⅜	117¼	106	110	6
Mo. Kansas & Texas	*51⅛	*17⅛	*24	*3⅛	34⅝	*⅝	40¼	28¼	34⅝	..
Do. Pfd.	*78¼	*46	*60	*6⅛	75⅝	*2	87¾	74⅜	82⅝	5
Missouri Pacific	*77½	*21⅛	38½	19⅞	38⅝	8¼	41	30⅝	36	..
Do. Pfd.	..	..	64⅛	37½	74	22¼	83¼	71	79½	..
N. Y. Central	147⅝	90⅝	114¼	62½	119⅜	64¼	124⅜	113⅞	117⅞	7
N. Y., Chi. & St. Louis	109¾	90	90⅝	55	128	23⅝	137¼	120	125	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21⅛	40⅞	9⅝	36⅜	28	31⅞	..
N. Y., Ontario & W.	55⅝	25⅛	35	17	30⅛	14⅛	27⅛	20⅝	24⅝	1
Norfolk & Western	119¼	84¼	147⅛	92⅝	133¼	84¼	134⅝	123½	129¾	7
Northern Pacific	159½	101¾	118⅞	75	99⅝	47⅞	71⅜	58¼	61	5
Pennsylvania	75⅝	53	61½	40¼	50	32¼	48⅞	42½	43⅞	3
Pere Marquette	*36⅛	*15	38½	9½	73	12⅝	72	62⅜	66	4
Pittsburgh & W. Va.	..	..	40⅝	17⅜	94	21½	73⅞	63	67¼	..
Reading	89⅝	59	115½	60⅞	108	51⅞	82¼	69⅜	78⅞	4
Do. 1st Pfd.	46⅝	41¼	46	34	61	32⅞	39⅝	35⅞	†37½	2
Do. 2nd Pfd.	58⅝	42	52	33⅝	65½	33⅛	44	36½	†40	2
St. Louis-San Fran.	*74	*13	50½	21	65	10⅜	81½	57½	80⅞	5
St. Louis Southwestern	40⅝	18⅛	32½	11	55⅞	10⅞	53¾	44½	48⅞	..
Seaboard Air Line	27½	13¼	22⅝	7	24½	2⅛	36½	20⅜	33½	..
Do. Pfd.	56½	23½	58	15⅛	45½	3	48	35	45¼	..
Southern Pacific	139½	83	110	75⅜	118½	67½	108⅜	98⅝	103	6
Southern Railway	34	18	36⅜	12⅛	79¾	24⅜	96⅜	77⅝	91¼	5
Do. Pfd.	86⅞	43	85¼	42	85	42	95	83	87	5
Texas & Pacific	40½	10¼	29½	6⅛	70½	14	58⅝	43¼	53	..
Union Pacific	219	137⅝	164⅝	101¼	154⅝	110	153¼	133¼	137¼	10
Do. Pfd.	118½	79⅝	86	69	80	61¼	76	73¼	†73¾	4
Wabash	*27⅞	*2	17⅛	7	24⅝	6	27⅝	19½	26	..
Do. Pfd. A	*61⅜	*6⅛	60½	30⅞	60⅝	17	67½	55¾	65½	5
Do. Pfd. B	..	..	32⅞	18	42⅝	12¼	46	38½	†45	..
Western Maryland	*56	*40	23	9¼	17¼	8	17⅜	11	14⅝	..
Do. 2nd Pfd.	*88½	*53½	*58	20	30⅛	11	26⅛	16	20⅝	..
Western Pacific	..	..	25½	11	40	12	55	32½	43	..
Do. Pfd.	..	..	64	35	86½	51⅛	100	84½	93	6
Wheeling & Lake Erie	*12⅝	*2⅛	27⅝	8	18¼	6	16½	10⅜	15⅜	..
Do. Pfd.	..	..	50⅝	16⅝	32½	9¼	31⅝	22	28⅞	..

INDUSTRIALS

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale May 13	Div'd $ per Share
Adams Express	270	90	154½	42	93½	22	103¼	90	92	6
Ajax Rubber	..	..	89⅝	46⅛	113	4⅛	14⅞	10	14⅛	..
Allied Chem. & Dye	..	..	..	..	91⅜	24	93¼	80	90½	4
Do. Pfd.	..	..	..	..	118⅝	83	120	117	119¾	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	73⅝	26½	86⅛	71½	79	6
Do. Pfd.	43	40	92	32½	104⅞	67½	107	103¼	†105	7
Am. Agric. Chem.	63⅝	23½	106	47⅞	113⅜	7⅛	21⅞	13⅛	18⅜	..
Do. Pfd.	105	90	103½	89⅛	108	18⅜	55⅞	36½	50½	..
Am. Beet Sugar	77	19⅝	108½	19	103⅜	24½	43	36⅝	38½	4
Am. Bosch Magneto	..	..	..	..	143⅞	22¼	54½	26½	31⅞	..
Am. Can	47⅞	6⅞	68½	19¼	163½	21⅜	189½	158⅛	187	‡5
Do. Pfd.	129½	98	114⅛	80	119	72	119⅝	115	118¾	7
Am. Car & Foundry	76½	26½	98	40	201	153½	111½	97¼	106¼	6
Do. Pfd.	124⅝	107½	119½	100	126⅛	105⅜	125½	120⅜	†125½	7
Am. Express	300	94⅝	140½	77½	175	76	166	125	135	6
Am. Hide & Leather	10	3	22½	2⅛	43½	5	14	8½	11¾	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅝	29⅝	75⅞	59	71⅞	..
Am. Ice	..	..	49	8⅝	122	37	110⅜	83	109	7
Am. International	..	..	62⅝	12	132¼	17	41	32½	37⅝	..
Am. Linseed Pfd.	47¾	20	92	24	113	4½	71⅝	53	70	3½
Am. Locomotive	74⅜	19	98¼	46⅝	136⅝	58	144⅞	104½	120	‡8
Do. Pfd.	122	75	109	93	122½	96½	124	118½	†118	7
Am. Metal	..	..	..	..	55⅞	38⅝	53⅝	45¾	47½	3
Am. Radiator	*500	*200	*445	*235	*345	64	105	89⅞	93	4
Am. Safety Razor	..	..	..	..	40⅝	*3½	59¼	36⅞	58⅜	3
Am. Ship & Commerce	..	..	..	..	47⅛	4⅝	14½	10⅛	10¾	..
Am. Smelt. & Ref.	105½	56⅝	123⅝	50¼	100⅝	29¼	106⅝	90⅜	93¾	6
Do. Pfd.	116⅝	98¼	118⅝	97	109⅝	63¼	110⅝	105½	107½	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	54⅞	46	49⅝	3
Do. Pfd.	..	..	..	..	109¼	78	112	108	†109½	7
Am. Sugar Refining	136⅝	99⅞	126½	89⅛	148¼	36	71¼	47⅝	62½	..
Do. Pfd.	133½	110	123½	106	119	67½	101½	91	97	7
Am. Sumatra Tobacco	..	..	145⅝	15	120⅛	6⅝	24½	6	8½	..
Do. Pfd.	..	..	108	75	105	22¼	69¼	28	56	..
Am. Tel. & Tel.	153⅝	101	134½	90⅝	124⅝	92½	138¾	130⅝	138⅝	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale May 13	Div'd $ per Share
Am. Tobacco	*530	*200	*256	*123	*314½	82⅛	94⅝	85	92⅞	7
Do. Com. B	..	..	..	..	*210	81¼	93⅞	84½	92	7
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	56½	34⅜	54¼	1.20
Am. Woolen	40⅝	15	60⅝	12	109½	51¼	64¾	34¾	38¼	..
Do. Pfd.	107⅞	74	102	72½	111⅞	88½	96⅛	69½	73⅞	7
Anaconda Copper	54⅝	27½	105⅝	24¼	77⅞	28½	48	35¼	36¼	3
Associated Dry Goods	..	..	28	10	140⅛	48	202¾	128	200	5
Do. 1st Pfd.	..	..	75	50½	94	49⅝	99⅝	94	†98	6
Do. 2nd Pfd.	..	..	49⅛	35	102⅝	38	108	101	†104½	7
Associated Oil	..	..	*78¾	*52½	*142	24⅞	39½	32	36⅝	1.50
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	48½	20	45½	..
Do. Pfd.	32	10	74⅝	9⅝	76⅛	6⅜	47⅜	31	44⅜	..
Atlantic Refining	..	..	..	..	*1575	78⅛	117½	95½	106½	..
Austin Nichols	..	..	..	..	40⅝	8	32½	23¼	26⅞	..
Do. Pfd.	..	..	..	..	91	50⅝	92¼	87⅜	91½	7
Baldwin Locomotive	60⅝	36½	154⅛	26⅝	156¼	62¼	146	107	111⅛	7
Do. Pfd.	107½	100¼	114	90	118	92	116⅝	109	†110	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37¾	53½	38⅝	40⅝	..
Do. 7% Pfd.	80	47	186	68	108	87	102	94	†94	7
Do. 8% Pfd.	..	..	110⅛	92½	116⅝	90	116¼	109	†112	8
Brooklyn Edison Electric	134	123	131	87	124⅝	82	133	120⅝	131½	8
Brooklyn Union Gas	164½	118	138⅝	78	128	41	89⅞	75½	88⅞	4
Burns Brothers	45	41	161½	50	147	76	109½	92½	107½	10
Do. B	..	..	..	..	53	19⅝	28½	17	26	2
Butte & Superior	..	..	105¼	12¼	37⅞	8	24½	6½	10⅛	.50
California Packing	..	..	50	30	106¼	48¼	111	100½	110½	6
California Petroleum	72½	16	42⅝	8	71⅞	15⅜	32⅞	23⅞	29⅜	1.75
Do. Pfd.	95½	45	81	29½	110½	63	116½	100	112	7
Central Leather	51⅜	16⅛	123	25⅞	116½	9⅝	21⅜	14⅜	19⅜	..
Do. Pfd.	111	80	117½	94⅞	114	23½	66	49¼	59⅝	..
Cerro de Pasco Copper	..	..	55	25	67½	23	55½	43½	47½	4
Chandler Motor	..	..	109⅞	56	141¼	26⅞	37⅞	28½	35¼	3
Chile Copper	..	..	39⅛	11¼	38⅝	7⅛	37⅞	30½	32⅜	2½
Chino Copper	50⅝	6	74	31⅜	50⅞	14	28⅜	19	†20	..
Coca Cola	..	..	..	..	83⅜	18	108⅞	80	107½	7
Colorado Fuel & Iron	53	22½	66½	20½	56	20	48¼	32¼	40½	..
Columbia Gas & Elec.	..	..	54⅛	14¼	114⅞	30¼	66⅜	45⅜	63⅜	2.60
Congoleum-Nairn	..	..	..	..	*184⅝	32⅝	43½	25	26⅜	3
Consolidated Cigar	..	..	..	..	80	11⅝	36⅞	26½	36	..
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56¾	85	74½	84	5
Continental Can	..	..	*127	*37½	*131¾	*34⅝	70½	60⅜	66½	4
Corn Products Refining	26½	7⅝	50½	7	160½	31½	41⅜	34¼	35¼	2
Do. Pfd.	98½	61	113½	88⅛	123¾	96	123½	118⅛	121	7
Crucible Steel	19⅝	6⅛	109⅞	12¼	278½	48	79¾	64½	68	4
Cuba Cane Sugar	..	..	76⅝	24⅞	59⅝	5⅝	14⅝	10⅝	11⅜	..
Do. Pfd.	..	..	100½	77¼	87⅞	13⅛	62⅝	47⅜	52¼	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	33½	27	28⅞	3
Cuyamel Fruit	..	..	..	..	74½	45½	58	50	53⅜	4
Davison Chemical	..	..	..	..	81⅛	20⅝	49⅜	27⅞	33⅛	..
Dupont de Nemours	..	..	..	..	169⅝	105	154	134½	148	10
Eastman Kodak	*No	Sales	*605	*605	*690	70	118	108⅛	109¼	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	70⅜	60⅜	64¼	4
Endicott-Johnson	..	..	..	..	150	44	72	63⅜	68	5
Do. Pfd.	..	..	..	..	119	84	116⅜	112½	†112⅜	7
Famous Players-Lasky	..	..	..	..	123	40	103½	90¼	100	8
Do. Pfd.	..	..	..	..	108½	66	110	103⅞	†108½	8
Fisher Body	..	..	43	25	240	75	70	60¼	67	5
Fisk Rubber	..	..	..	..	55	5⅛	17⅝	10½	16⅝	..
Do. 1st Pfd.	..	..	..	..	86	38⅛	92¼	75½	91½	4
Fleischmann Co.	..	..	..	..	90¼	37⅝	86½	75	84⅞	4
Foundation Co.	..	..	..	..	94⅝	58½	113¼	89½	113¼	8
Freeport-Texas	..	..	70½	25⅜	64⅜	7⅛	18½	8	16	..
General Asphalt	42⅞	15⅛	39⅜	14¼	160	23	63⅜	42½	52	..
General Cigar	..	..	..	..	98⅝	47	101⅜	84½	90⅝	8
General Electric	188½	129⅜	187¼	118	322	109½	320	227¼	275½	8
General Motors	*51⅜	*25	*850	*74½	66⅞	*8¼	79	64⅝	75¼	6
Do. 7% Pfd.	..	..	..	..	103½	95½	108⅞	102	106½	7
General Petroleum	..	..	..	..	45	38⅝	57½	42	52¼	2
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	93⅝	17	55½	36⅜	53⅜	..
Do. Pfd.	109¾	73⅜	116⅜	79⅞	109½	62½	99	92	†97½	7
Goodyear T. & R. Pfd.	..	..	..	..	90⅝	35	101¼	86½	97	7
Do. prior Pfd.	..	..	..	..	108½	88	107¼	103	103⅞	8
Granby Consolidated	78¼	26	120	58	80	12	21¼	13	14¼	..
Great Northern Ore Ctfs.	88½	25½	50⅝	22½	52⅜	24⅞	40½	27⅞	29½	..
Gulf States Steel	..	..	137	58⅜	104⅝	25	94⅞	67½	81	5
Hayes Wheel	..	..	..	..	52⅞	31	43¼	30	36¼	3
Houston Oil	25½	8⅛	86	10	116½	40½	85	59	63	..
Hudson Motor Car	..	..	..	..	36	19½	55⅞	33⅜	53⅜	3
Hupp Motor Car	..	..	11⅜	2⅛	29½	4⅜	19⅛	14¼	18	1
Inland Steel	..	..	..	..	48⅜	31⅛	50	38⅜	40¼	2½
Inspiration Copper	21⅝	13⅞	74¾	14⅛	68⅝	22¼	32⅜	22¼	23⅛	..
Inter. Business Mach.	..	..	52⅝	24	118⅞	28⅜	125	110	118¾	8
Inter. Combustion Eng.	..	..	..	..	39	19⅝	44	31⅜	39⅜	2
Inter. Harvester	..	..	121	104	149⅝	66⅜	110⅞	96½	107	5
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67⅜	4⅞	14⅞	9⅝	11¼	..
Do. Pfd.	27⅝	12½	125⅝	8	126½	18½	52⅜	39⅛	43¼	..
Inter. Nickel	*227¼	*135	57½	24½	33⅝	10⅜	30⅜	24	29⅛	..
Inter. Paper	19⅜	6⅛	75½	9½	91⅜	27⅞	62	48¼	56⅝	..
Kelly-Springfield Tire	..	..	85¼	36⅝	164	9⅜	19½	12¼	18⅝	..
Do. 8% Pfd.	..	..	101	72	110½	33	54⅜	41	53	..
Kennecott Copper	..	..	64¼	25	57⅜	14⅜	57⅜	46½	49	3
Kinney (G. R.) Co.	..	..	..	..	86¼	35½	87	73	81	4
Lima Locomotive	..	..	..	..	74⅞	52	74⅜	61¼	63	4
Loew's, Inc.	..	..	..	..	38⅝	10	29⅜	22	28⅜	2
Loft, Inc.	..	..	..	..	28	5½	9⅛	6	†7⅝	..
Lorillard (P.) Co.	*215½	*150	*239⅞	*144½	*245	33⅜	36¼	30¼	34⅝	3
Mack Trucks	..	..	..	..	170	25½	157½	117	156	6
Magma Copper	..	..	..	..	45⅝	26⅛	44¼	34	39⅜	⅝
Mallinson & Co.	..	..	..	..	45	8	37½	21⅝	28½	..
Maracaibo Oil Explor.	..	..	..	..	37½	16	35½	25¼	26⅝	..
Marland Oil	..	..	..	..	39⅝	12⅝	46¼	32⅝	42⅜	⅝
Maxwell Motors, Class A	..	..	..	..	84½	36	111	74⅞	108¾	..
Do. Class B	..	..	..	..	39⅝	8	91	33¼	87⅞	..

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New York Stock Exchange
Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale May 13	Div'd $ per Share
May Department Stores	*88	*65	*97½	*35	*174¾	*60	111⅝	101	104½	5
Mexican Seaboard Oil	..	..	..	..	34½	5⅜	22½	11⅛	16⅝	..
Miami Copper	30¼	12⅝	49¾	16½	32⅝	14½	24¾	8	8¼	1
Montgomery Ward	..	..	..	..	48½	12	55⅝	41	52⅞	..
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	75	65	66	3
National Dairy Prod.	..	..	..	..	44½	30½	54¼	42	52½	3
National Enam. & Stamp.	30⅛	9	54½	9	39½	18½	36⅞	25	†27½	..
National Lead	91	42½	74⅝	44	169¼	63½	166⅞	138½	†142½	8
N. Y. Air Brake	98	45	136	55⅞	145⅜	26⅝	56½	42¾	†46	4
Do. Class A	..	..	..	..	57	45⅛	57½	51	†52½	4
N. Y. Dock	40¼	8	27	9¼	70⅜	15¼	31½	18	†25½	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	50⅜	41⅛	48⅞	3.40
Do. Pfd.	..	..	..	..	50¼	31⅞	49	46⅝	48⅞	3
Pacific Oil	..	..	..	..	69⅜	27½	65¼	52¼	58⅛	2
Packard Motor Car	..	..	..	..	21	9⅞	23⅜	15	22⅛	1.20
Pan.-Am. Pet. & Trans.	..	..	70⅜	35	140¼	38⅛	83⅞	64	77¼	6
Do. Class B	..	..	..	..	111¾	34⅛	84½	63⅜	77⅞	6
Philadelphia Co.	59¼	37	48⅝	21½	57½	26½	59⅞	51½	57	4
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	52½	37¾	39⅛	..
Phillips Petroleum	..	..	..	..	69⅝	16	46⅜	36¼	41¾	2
Pierce-Arrow	..	..	65	25	99	6⅛	19⅜	10⅞	17½	..
Do. Pfd.	..	..	109	88	111	13½	60¾	43	56½	..
Pittsburgh Coal	*29⅝	*10	58⅜	37½	74⅝	45	54½	37¼	43	..
Postum Cereal	..	..	..	..	134	47	118⅝	93¼	115⅛	4
Pressed Steel Car	56	18½	88⅛	17¼	113⅜	39	69	52½	†53	..
Do. Pfd.	112	88½	109⅝	69	106	67	92½	82	84	7
Pub. Serv. N. J.	..	..	..	..	70	39	72¾	62⅝	70⅜	5
Pullman Company	200	149	177	106½	151⅜	57⅜	151¾	129	137½	8
Punta Alegre Sugar	..	..	51	29	120	24¾	47¼	39½	40⅝	5
Pure Oil	..	..	143⅞	·31⅞	61⅞	16¼	33¾	25⅜	28⅜	1½
Radio Corp. of Am.	..	..	..	..	66⅞	25⅞	77⅞	48⅜	54	..
Railway Steel Spring	54½	22¼	78½	19	137½	67	141¾	122½	125¼	8
Do. Pfd.	113⅜	90¼	105½	75	121½	92½	120	114¼	†116	7
Ray Consol. Copper	27½	7½	37	15	27½	9⅞	17⅜	11⅜	12¼	..
Replogle Steel	..	..	..	..	93½	7⅛	23¼	13⅛	14½	..
Republic Iron & Steel	49⅛	15¾	96	18	145	40¼	64⅜	42½	44½	..
Do. Pfd.	111⅛	64½	112⅝	72	106¾	74	95	86	86⅜	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	57⅜	48¼	50⅛	4.42½
Savage Arms	..	..	119⅝	39⅞	94½	8⅞	108⅜	59¾	60	..
Schulte Retail Stores	..	..	..	..	129¼	88	116⅞	108½	111	§8
Sears, Roebuck & Co.	124⅝	101	233	120	243	54¼	172⅞	147½	167	6
Shell Trans. & Trading	..	..	..	..	90¼	29¼	45¾	39⅞	†39½	2.06
Shell Union Oil	..	..	..	..	22½	12⅛	28⅜	22½	25	1.40
Simmons Company	..	..	..	..	37	22	38½	31¼	36⅝	2
Simms Petroleum	..	..	..	..	24	6⅛	26¾	19½	23⅜	½
Sinclair Consol. Oil	..	..	67⅛	25¼	64¼	15	24⅞	17	19¾	..
Skelly Oil	..	..	..	..	35	8⅝	30½	21¾	26⅝	..
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19¼	89	32½	97	80¼	†85	6
Standard Oil of Calif.	..	..	..	..	135	47⅛	67¼	56⅝	59	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	47½	38⅜	44¼	1
Do. Pfd.	..	..	..	..	119⅛	100⅛	119	116¾	119	7
Stewart-Warner Speed.	..	..	*100½	*43	*181	21	77⅞	55	68	5
Stromberg Carburetor	..	..	45¼	21	118¼	22¼	79¾	61	69½	6
Studebaker Company	49½	15⅝	195	20	151	30¼	47	41¼	45⅜	4
Do. Pfd.	98¼	64½	119½	70	118¼	76	115	112	114	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	11⅛	7⅝	11⅛	..
Texas Co.	144	74½	243	112	57⅜	39	49	42¾	45	3
Texas Gulf Sulphur	..	..	..	..	110	32⅝	113¾	97½	105½	7
Tex. & Pac. Coal & Oil	..	..	..	..	195	5¼	23⅜	11½	14⅞	..
Tide Water Oil	..	..	225	165	275	94	152	122	138½	4
Timken Roller Bearing	..	..	..	..	45	28¼	44½	37¾	42¾	3
Tobacco Products	145	100	82⅝	25	115	45	80½	70	75¼	6
Do. Class A	..	..	..	..	93½	76½	99½	93⅛	98¼	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	5⅞	3⅞	5½	..
Union Oil of Calif.	..	..	..	..	39	35	43⅜	36⅛	37¼	1.80
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	81¼	60¼	68⅛	3¼
United Drug	..	..	90⅞	64	175⅛	46¼	127¼	110⅞	125	6
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	54½	52	†54	3½
United Fruit	208½	126½	172	105	224⅞	95⅜	231	204⅞	212	10
United Ry. Investment	49	16	27½	4¼	41	6	29⅜	18¼	20½	..
Do. Pfd.	77	30	49¼	10½	64⅞	14	72½	48½	72	..
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7¾	169⅝	10⅛	250	131¼	146	..
Do. Pfd.	84	40	67½	30	104⅛	38	112½	100½	102½	7
U. S. Indus. Alcohol	57⅛	24	171½	15	167	35¼	90	76	87½	..
U. S. Realty & Imp.	87	49⅝	63¾	8	143¼	17¼	147¾	114½	142	8
Do. Pfd.	..	..	..	..	143	97½	142	122¼	†145½	7
U. S. Rubber	59½	27	80½	44	143⅜	22½	47¾	33½	45¾	
Do. 1st Pfd.	123½	98	115¼	91	119⅛	66½	100⅛	92¾	99½	8
U. S. Smelt., Ref. & Min.	59	30⅝	81½	20	78¼	18⅝	39	30	35	3
U. S. Steel	94⅞	41¼	136⅝	38	121	70¼	129⅝	112⅜	115	‡5
Do. Pfd.	131	102½	123	102	123⅛	104	126⅝	122⅛	123	7
Utah Copper	67½	38	130	48½	97½	41⅛	92	82	85½	4
Utah Securities	..	..	27⅝	9⅛	46	7	127½	41⅛	120½	..
Vanadium Corp.	..	..	..	..	97	19⅛	31¾	25⅝	27	..
Western Union	86¼	56	105½	53⅜	121¼	76	135	116¼	†130½	7
Westinghouse Air Brake	141	132½	143	95	124½	78	114	97	†100	6
Westinghouse E. & M.	45	24¾	74⅞	32	71⅜	38⅞	84	66¼	70½	4
White Eagle Oil	..	..	..	..	34	20	31¾	25¾	26⅝	2
White Motors	..	..	80	30	86	29¼	76	57½	66	4
Willys-Overland	*75	*50	*325	15	40¼	4½	24½	9⅛	22⅜	..
Do. Pfd.	..	..	100	69	98¼	23	102⅞	72¼	101¼	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	13¾	5⅝	6½	..
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81¼	*345	72½	128⅛	112¼	124	3
Worthington Pump	..	..	69	23⅛	117	19⅞	79⅜	38⅞	39	..
Do. Pfd. A	..	..	100	85⅞	98⅛	65	88	79	82	7
Do. Pfd. B	..	..	78⅝	50	81	53½	76½	65	65¾	6
Youngstown Sh. & Tube	..	..	..	..	80	59¾	76½	63	†65½	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. ¶ Partly stock.

ANSWERS TO INQUIRIES

(*Continued from page 152*)

the first. In view of the possibilities for the further expansion of the company's business in the manufacture of buses in addition to the satisfactory outlook for its regular line of trucks, we do not feel that the stock is overrated even at present relatively high levels and still advise you to retain your holdings.

AMERICAN BOSCH MAGNETO
Earnings Fall Off

I was disappointed in the manner in which American Bosch Magneto has acted. My broker wants me to buy 25 shares more at current prices. I already hold 25, for which I paid 47.—F. H., San Francisco, Calif.

American Bosch Magneto for the first quarter of 1925 reported net income of $76,632 which compares with $147,529 for the first quarter of 1924 and $97,255 for the first quarter of 1923. We consider the outlook for the company's business to be more or less uncertain and regard the stock as highly speculative. It is not advisable in our opinion to increase your holdings and if you desire to reduce your risk we would suggest a switch into Standard Oil of New Jersey. The latter company has been showing a steadily increasing earning power and we regard the stock as having good long pull possibilities.

LOEW'S INC.
Doing Well

On the advice of a friend I bought 100 shares of Loew's at 34. This year it sold as low as 22, and although it has recovered somewhat I feel discouraged. What is the outlook?—E. P., St. Louis, Mo.

Loew's Inc. for the period from September 1st, 1924, to March 15th, 1925 reported net profits of 2.9 million dollars after depreciation and taxes, equivalent to $2.77 a share. In the previous year the company's statement covering the period from September 1st, to March 9th, showed net profits of 1.6 million, equivalent to $1.50 a share. This represents a very encouraging improvement in earning power and as the immediate outlook for the company's business appears favorable we believe you are justified in continuing to retain the stock.

TWO STOCKS SUGGESTED
Good for Long Pull

At different times I have bought stocks on your suggestion and hold today 25 shares each of Texas Company bought at 44, Tobacco Products at 62, Associated Dry Goods at 137 and American Can at 85. I would like two other recommendations which will fit in well with these four and give me a well rounded group of long pull holdings. What two would you recommend and would you advise me to make any changes in the four I already have?—L. J. B., Chicago, Ill.

Now that Associated Dry Goods has advanced to around 200, we believe that it would be good policy on your part to accept profits as you could invest your money to better advantage elsewhere. We suggest retaining Texas Company, Tobacco Products, and

American Can for still higher prices. To replace Associated Dry Goods we suggest Schulte Retail Stores selling around 110 and paying dividends at the rate of $8 per share per annum in 8% preferred stock. For two new issues to round out your list we recommend New York Central paying 7% and selling around 117, and International Harvestor paying $5 and selling around 107. Including undistributed earnings of subsidiary companies New York Central is earning its present dividend about two and a half times over. For the first time in several years, the harvesting machinery manufacturers are doing a good business and this will undoubtedly be reflected in considerably larger earnings for International Harvestor. In 1924 the latter company showed over $8 a share earned on the stock, but had not special write-offs been made for losses on foreign plants and bad accounts, earnings would have reached $13 a share.

KENNECOTT COPPER

Earned $5 a Share

What is the matter with Kennecott? Of course, in the past year it has gone up 25 points, but in the past several months it has done practically nothing. Is it the copper situation or something in the company's affairs that has checked its rise?—K. S., Boston, Mass.

The recent decline of Kennecott from the high prices reached this year has been in line with the action of the copper group as a whole, which receded in price due to the drop in the price of the metal. As far as Kennecott itself is concerned, this company has been showing very encouraging earnings. In 1924, although the price of copper averaged barely over 13 cents a pound Kennecott was able to show net profits after taxes and depreciation including its proportionate share of earnings of the various subsidiary companies it controls of approximately $5 a share on the stock. Taking the ownership percentage of its subsidiaries, total reserves of Kennecott at the close of last year were about 600 million tons of developed ore. In view of its low cost of production and large ore reserves, we consider Kennecott the premier company in the copper industry and regard the stock at present levels a good long pull holding.

STUDEBAKER

Earnings Improve

Please give me your opinion regarding Studebaker. How do the company's operations compare with a year ago and what do you think is the market outlook for the stock? I bought my stock at 107 on the old basis.—M. B., Washington, D. C.

Studebaker for the first quarter reported net profits equivalent to $1.84 a share on the common stock. Plant operations were under curtailment in January and February whereas since March 1st, operations have been at capacity. In the second quarter it is estimated that 40,000 cars will be produced as against about 30,000 in the first quarter and earnings accordingly should show marked improvement. It

appears probable that for the first six months the entire year's dividend will be covered with something to spare. At present levels we believe the stock has good prospects of showing appreciation in market value.

UNITED DRUG

Switch to Schulte

Advise me, if you will, how long to continue to hold United Drug? In the past I have made the mistake of holding my stock too long. I have held this stock for several years. It cost me 95 and is yielding more than 6 per cent, but I would like to take a marked profit and possibly increase my income through re-investment elsewhere.—M. M., Kansas City, Kans.

United Drug for the quarter ended March 31st, 1925, reported profits equivalent to $2.13 a share compared with $1.76 earned in the first quarter of 1924. This is a satisfactory increase in earning power and as the company's financial condition is sound it is probable that a higher dividend rate than $6 can be paid before long. However, at present levels of 125, favorable action along these lines appear to have already been discounted to a considerable degree and it is our opinion that you would improve your position by switching into Schulte Retail Stores which is paying dividends at the rate of 8% per annum in 8% preferred stock. As Schulte is selling around 110, this switch would materially increase your income and you would also have a stock in our opinion with very good prospects for appreciation in value.

ELECTRIC BOND & SHARE

(*Continued from page* 129)

marked degree just how sensitive the earnings of Electric Bond and Share must be to even the slightest change in the earning power of its operating subsidiaries.

The present market price of 72 for the capital stock of the Electric Bond and Share Securities Corp. is obviously much higher than warranted on the basis of present earnings per share and the current dividend rate. The price of the security evidently reflects the belief of the investing public that the Electric Bond and Share Co.'s earnings will show somewhat the same extent of increase in the next four years as they have in the past four. Such an increase would mean that by 1929, earnings available for the Securities Corporation Capital Stock would exceed $12 a share. These large earnings would, of course, warrant current market prices but the question is "Can such an increase in earning power be shown?"

The answer to this question (if it can be answered) must come from a survey of the entire public utility industry. The past few years have brought about a most unusual growth in demand for electric light and power and gas and practically every condi-

tion has been favorable for large earnings. The attitude of Public Utility Commissions has undergone a change for the better and the public has not been so insistent on rate reductions in cases where companies were showing a fair return on the capital invested. There are many who believe such favorable conditions will also prevail during the next few years but the writer does not whole-heartedly share this belief.

The true situation seems to be that Public Utility Commissions in practically every state in the Union are beginning to look askance at the efforts of public utility operators to over-capitalize their properties and run profits to the limit. While most Commissions have recognized the advantage of large public utility holding companies owning a number of small subsidiaries, they are evidently beginning to question the advisability of having capital structures so complicated as to make it almost impossible to figure earnings on capital prudently invested in used and useful property.

In other words, the time seems to be not far distant when the large public utility holding companies will not have such a free hand in public utility affairs as they have had in the past. It is simply a case of the economic cycle which applies to the public utility just the same as to other industries although perhaps in a different form. The period of merely normal earnings cannot be far distant.

The Electric Bond and Share Co. has done a great deal for the electrical industry and for all other industries through improving central station efficiency, reducing cost of electric service to the public and bringing about a better understanding of public utilities. Its past activities cannot be too highly praised. But this does not mean that its future earnings will equal its past earnings from the stand-point of growth. The very fact that the Electric Bond and Share Co. has been separated from General Electric would appear to indicate that the Co.'s job has been done and its future would be one of stability rather than one of expansion.

Many profess to believe that there is just as much reason for the public utility industry being concentrated under one general management as it is for the telephone industry to be so conducted. And a great number of these individuals are of the opinion that Electric Bond and Share may ultimately be of the same general character as the American Telephone and Telegraph Co. Yet, even though this may be the case, the common stock issues of the two companies are apparently much out of line. *With the stock of American Telephone and Telegraph Co. paying $9 a share annually, having a book value of approximately $120 a share and selling around $138, it is difficult to see how Electric Bond and Share Securities Corp. Stock paying $1 annually and having a book value of less than $25 a share is entitled to its present market price.*

WHAT OPPORTUNITIES IN SOUTH AMERICAN "DOLLAR BONDS"?

(*Continued from page* 125)

of debit balances. The peso exchange rate has been a good index to the improvement in the financial position. From a discount of around 30% in 1921, the peso has risen almost to parity, and a return to the gold standard is expected soon, together with the beginnings of a complete reform of the currency system. Present Argentine currency is mostly paper pesos having a fixed par value of 44% of a gold peso ($.9648), and which are backed by a gold reserve of 78%.

The trade balance, after three years of import surpluses beginning in 1921, again swung in favor of Argentine in 1924 and promises to remain favorable, which will enable the payment of service on foreign investments without necessitating the use of new capital for that purpose. The Argentine is stable politically and there has been no interruption of payments on the government's obligations since late in the last century.

Brazil

Brazil is the next largest South American reservoir for foreign capital. There is little doubt that well over $2,000,000,000 has been placed there by foreign investors, and the low prices for Brazilian dollar bonds testify to the low esteem in which they are held at present. Brazil is in an uncertain position both financially and politically. The abortive revolutions during the past year have been indications of the serious economic and political conflict between the wealthy coffee-growing provinces in the south, which consider themselves entitled to more political power, and the poorer, sparsely settled, northern provinces. Taxation is inadequate and inefficient, and the government has been piling up huge deficits and inflating the currency for many years, as evidenced by the present decline in the milreis rate to only slightly above record low levels at $.1020. Brazilian financial authorities with the advice of British financiers, have made notable reforms, which include concentration of the issue power in the hands of the national bank, and reduction of the national deficit, but it is doubtful if complete financial stability can be attained for many years under present conditions.

Brazil's foreign debt record is unfavorable, as the outbreak of the war necessitated refunding operations for payment of interest due, while amortization on many foreign issues, mostly British, is in abeyance until 1927. However, service on the dollar bonds has never been interrupted, and probably will not be. The degree of Brazil's dependence on foreign capital is generally realized by financial authorities

there. In particular, Brazil's increasing sales of goods in this market, will insure that dollar bond holders will get good treatment.

Uruguay

There are several instances of interruption of service on Uruguay's foreign debts, the latest having been in 1915. Nevertheless the country's credit rating is high. Fair stability in government, wealthy territory, recurring favorable trade balances, and a favorable foreign exchange position account for the ranking of Uruguay next below Argentine in credit standing. The currency, which consists of paper pesos quoted at $.96 as against parity of $1.034, is amply backed by gold, and a removal of the embargo on exports of gold can be expected soon.

Chile

Chile has been the third largest drawer of foreign capital, though most of it has been in the form of foreign corporation investments in nitrate, mining, and railroads rather than in government obligations. The total foreign investment in Chile is estimated at about $750,000,000, of which approximately $240,000,000 is external debt of the government. The internal debt is less than $100,000,000. The only blot on Chili's foreign debt service record is a delay in amortization payments following the war of 1879.

There are uncertainties in Chili's internal situation, however, which have been reflected in the prices of the bonds and in the exchange. The important ones are, (a) deficits in the government accounts over the past fifteen years, (b) a currency which has not been tied to gold and which has fluctuated widely since 1898, (c) political instability as indicated by two successful revolutionary coups in the past year, (d) and uncertain sources of tax receipts. Press censorship has prevented analysis of the results of the political changes, but apparently the new government favors financial and currency reform. The country has ample gold reserves for a stable currency and its foreign trade results in favorable balances yearly.

Bolivia, Peru, Colombia

Dollar bonds of Bolivia, Peru and Colombia make up a rather insignificant sum when compared with total foreign financing being done by the United States. However, their high yields and specific securities warrant at least an investigation by investors who desire bonds of a partially speculative nature. Politically, none of the three nations are especially stable, and while Bolivia's past record on foreign engagements has been satisfactory for more than fifty years, Peru and Colombia have rather uncertain records.

See next issue for Outlook of Fertilizer Stocks

HOW TO INVEST YOUR FORTUNE

(*Continued from page* 115

ing power as commodity prices rise. In the case of soundly managed companies, however, the common shareholder benefits from rising prices because profits increase under such conditions and the larger dividends which he receives on his common stocks will offset, in large measure, the loss of buying power in other directions.

Hence, while the $5,000 and the $10,000 investor should keep the larger part of his money in sound bonds and preferred stocks, provision has been made in the recommendations made in this article for a reasonable number of commitments in common stocks of merit. In the case of the $25,000 list, common stocks having some speculative possibilities, in addition to their investment qualities, are included, but even in this instance, it is inadvisable to indulge in purely speculative operations.

In every case, it is assumed that the sum available for investment represents capital over and above any amounts invested in a home or in life insurance. If the latter has not been provided for, the individual would do well to place his affairs upon a sound basis at once by including such insurance among his investments, particularly where he has dependents needing protection.

The income realized from his security holdings may then be devoted to the payment of premiums on his life insurance, while the excess can be utilized for acquiring additional securities from time to time.

Important Corporation Meetings

Company	Specification	Date of Meeting
Anaconda Copper	Annual	5-20
Hudson Motor Car	Directors	5-20
International Combustion	Annual	5-20
Mexican Seaboard Oil	Annual	5-20
Pacific Oil	Dividend	5-21
Shell Union Oil	Annual	5-21
Texas Gulf Sulphur	Dividend	5-21
General Electric	Directors	5-22
Norfolk & Western R. R.	Annual	5-23
American Beet Sugar	Annual	5-26
Atlantic Gulf & West Indies	Annual	5-26
Chile Copper Co.	Annual	5-26
General Asphalt Co.	Directors	5-26
Worthington Pump	Pfd. Div.	5-26
American Tobacco Co.	Pfd. Div.	5-27
Great Western Sug.	Pfd. & Com. Divs.	5-27
Baldwin Locomotive	Pfd. & Com. Divs.	5-28
Mathieson Alkali	Pfd. Div.	5-28
Maxwell Motor Corp.	Directors	5-28
Standard Oil of New York	Annual	5-28
International Merc. Marine	Annual	6-1
International Nickel	Directors	6-1
Loose-Wiles	Directors	6-1
U. S. Rubber Co.	Dividend	6-1
American Express Co.	Dividend	6-2
Associated Oil	Dividend	6-2
Kresge (S. S.)	Directors	6-2
Mack Trucks	Com. & 1st Pfd. & 2d Pfd. Divs.	6-2
Cluett-Peabody	Pfd. Div.	6-3
Lehigh Valley R. R.	Pfd. & Com. Div.	6-3
St. Louis & San Francisco R. R.	Dividend	6-3
American Steel Foundries	Directors	6-4
Reynolds Tobacco Co.	Pfd. & Com. Divs.	6-4
Allis-Chalmers	Pfd. Div.	6-5
Pure Oil Co.	Annual	6-5

Municipal Bonds
Suitable for Bank Investments

HIGHER-GRADE MUNICIPALS

		Rate Interest	Maturity	Approximate Yield
St. Paul, Minn.		4¼	July 1954	4.00
Kansas City, Kansas		4½	1939	4.15
Richmond, Va.		4½	Jan. 1957	4.15
Nashville, Tenn.		5	March 1952	4.15
Pueblo Cons. Dist., Colo.		5	Jan. 1933-48	4.55
New York State	Reg'd	4½	Jan. 1964	113½
Oakland, Calif.		4½	Jan. 15, 1942-44	4.20
State of California		4¼	Feb. 1940-43	4.05
Cleveland, Ohio		4½	March 1949	4.05
State of Michigan		4¼	Sept. 15, 1944	4.00
St. Petersburg, Fla.		5¼	June 1954	4.65
Lauderdale Co., Miss.		5	1931-50	4.50-4.40
State of California		4	July 2, 1989/54	98¾
Chattanooga, Tenn.		4¾	May 1952	4.35
Los Angeles, Calif.		4¾	1940-61	4.40
Detroit, Mich.		4¼	June 1949	4.10
Los Angeles, Calif.		4½	1940-60	4.35
Richmond, Va.		5½	Jan. 1955/31	4.20
State of Minnesota		4¼	Dec. 1939	4.05
El Paso, Texas		5	1940-62	4.375
Los Angeles, S. D., Calif.		5	1930-64	4.50-4.30
Minneapolis, Minn.		4¼	Jan. 1935-44	4.05
State of Oregon		4¼	April 1950	4.05
Detroit, Mich.		6	Aug. 1944	4.25
Trenton, N. J.		4¼	Sept. 1934-57	4.00
Mobile, Ala.		5	Nov. 1954	4.35
Spartansburg, S. C.		4½	Jan. 1944-65	4.40
Oklahoma City, Okla.		5	Jan. 1938-39	4.35
Miami, Fla.		4¾	July 1944-47	4.50
Iredell Co., N. C.		4¾	1940-50	4.50
Goldsboro, N. C.		5	Jan. 1950	4.55
State of South Dakota		6	Oct. 1940	4.45
Houston, Texas, S. D.		5	Dec. 1934-39	4.40
State of West Virginia		4½	Jan. 1932-34	4.05
Hudson County, N. J.		4½	Apr. 15, 1936-55	4.10
Montclair, N. J.		5	Feb. 1950	4.20
State of Massachusetts	Reg'd	3½	1938-44	3.85
Ludlow, Vt.		4¼	Feb. 1931-45	4.00
State of Illinois		4	Aug. 1944	4.00
Toledo, Ohio, S. D.		4½	Oct. 1941-50	4.15
State of Oregon		4½	1936-44	4.10
Newark, N. J.		4½	July 1938	4.10
State of New Jersey		4¼	July 1937	4.00
State of Kansas		4½	July 1939	4.00
Nashville, Tenn.		5	May 1958	4.375
Akron, Ohio		4¾	Oct. 1936-55	4.25
State of North Carolina		5	1952 & 1961	4.25
State of North Carolina		4½	Jan. 1936-62	4.20
Rockingham, Co., N. C.		4¾	Feb. 1946-55	4.50
East Providence, R. I.		4½	July 1951	4.10
Baltimore, Md.	Reg'd	3½	Oct. 1980	4.05
Cleveland, Ohio	Reg'd	4½	Mar. 1937 & 1949	4.10
Portland, Oregon		5	Nov. 1945 & 1946	4.25
Oklahoma City, Okla.		4½	July 1941	4.30
Lancaster Co., S. C.		5	April 1935-50	4.45
Dayton, Ohio		4½	Sept. 1932-50	4.10
Richmond, Va.		4¼	July 1956	4.10
Providence, R. I.		4	May 1962	3.90
Jersey City, N. J.		4¾	1930-50	4.10
Plainfield, N. J.		4½	1932-39	4.15-4.20
State of Mississippi		4¾	May 1950	4.20

J. I. CASE THRESHING MACHINE CO.

(*Continued from page* 132)

It will be noted that the preferred has sold higher in proportion to its earnings since the 1920 business collapse than it did during the war-time prosperity. The stock never broke 63 until the spring of 1923, when the directors found it advisable to pass the dividend because of the falling off in automobile sales.

The recent improvement in the company's financial position and sales seems to warrant an early resumption of preferred dividends, and the payment of $8.75 in accumulated back dividends within a reasonable time. Recent action of the preferred in the market suggests that a dividend is expected when the directors meet about the middle of this month. From a low point of 60, touched just after the publication of the 1924 annual report, which was apparently construed

in speculative circles as unfavorable, the stock has been quietly and gradually bid up to 72½. *To the speculative investor with an eye to high yield and possibility of payments on account of dividends in arrears, this preferred stock should be attractive.*

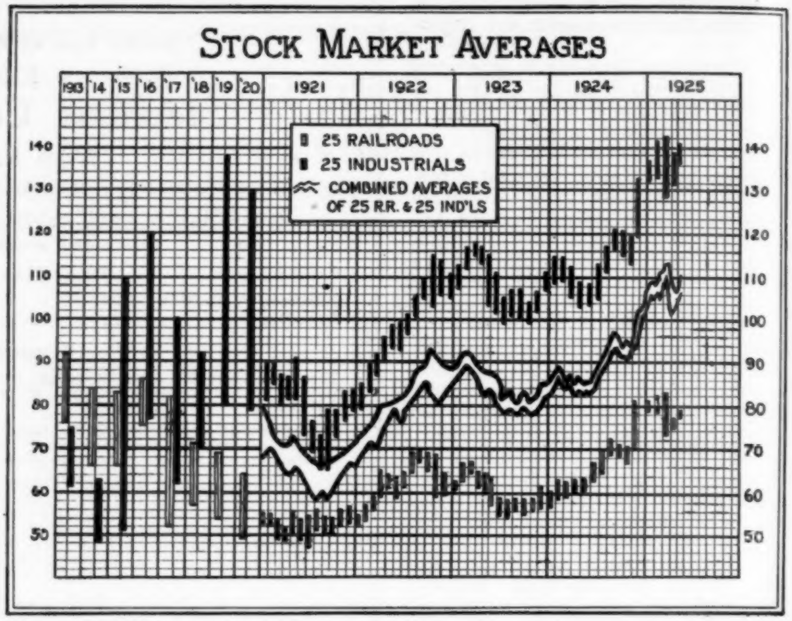
It is the common stock, however, that possesses the greatest speculative possibilities. Its book value, excluding patents and other intangible items, and deducting accumulated back dividends on the preferred stock, is $98.24 a share. From 1914 to 1920, inclusive, the earnings applicable to the common averaged the equivalent of $8.59 a share on the 130,000 shares now outstanding. They made a very creditable showing while the company's funded debt was outstanding even before the war boom attained large proportions.

Since the company completed the retirement of this funded debt in 1918, it has pursued a liberal dividend policy toward the common stock, paying 7 per cent in January 1919, 10 per cent in January 1920, and 42 per cent in common stock in December 1920. It seems likely that this policy will be continued in the future whenever funds are available.

At this time, taking into consideration, first,—the great increase in domestic and export sales of agricultural implements within the past eight months, together with a good demand for road machinery and a large demand for automobiles this spring, in striking contrast to the depression in the automobile department a year ago which was directly responsible for the company's poor 1924 showing; second,—favorable manufacturing conditions, exemplified by relatively cheap raw materials and an abundance of labor at wages practically unchanged from last year; and third,—the company's constantly improving financial position; there is good reason to believe that the company's net earnings in 1925 may not only cover the regular and accumulated back dividends on the preferred stock, but also show a small margin for the common. A continuation of favorable agricultural and general business conditions into 1926 should mean large earnings for the common in that year.

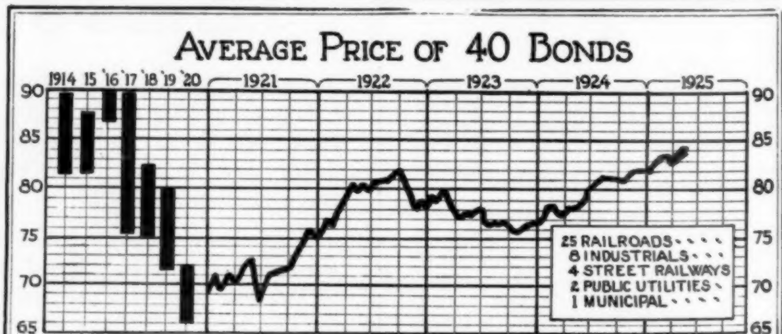
Certain persons seem aware of the possibilities of Case common, for they have for months been quietly and persistently picking up all that is available at 30 or below. In this connection, an item of $241,151 in "Treasury Stock" that appears in the company's 1924 balance sheet is of interest. As there has been no change reported in the total amount of stock outstanding for some years, it may logically be assumed that the company has been accumulating some of its own stocks, perhaps in the open market, for sale to its officers and employees.

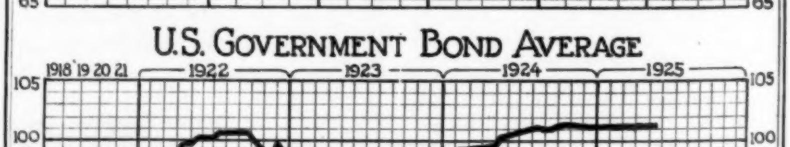
While CTM has a "thin" market and is consequently somewhat erratic in its behavior, making it rather unsatisfactory for trading purposes, it nevertheless has very good possibilities for the long pull and will bear close watching.



MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	20 Rails	N.Y.Times —50 Stocks— High	Low	Sales
Thursday, April 30...	83.54	120.01	96.15	106.35	104.84	1,174,064
Friday, May 1........	83.78	121.10	96.56	106.90	105.87	1,226,684
Saturday, May 2......	83.85	121.96	97.08	107.48	106.64	692,236
Monday, May 4.......	84.00	122.86	97.75	108.69	107.22	1,306,876
Tuesday, May 5.......	84.08	123.63	97.66	109.22	107.99	1,535,221
Wednesday, May 6....	84.21	124.32	97.65	110.04	108.35	1,963,237
Thursday, May 7.....	84.31	125.16	97.68	110.17	108.91	1,779,809
Friday, May 8	84.33	124.74	97.36	109.71	108.81	1,645,580
Saturday, May 9......	84.25	124.64	97.51	109.46	108.81	900,700
Monday, May 11......	84.19	124.14	96.43	109.47	108.38	1,691,728
Tuesday May 12......	84.26	124.45	97.11	109.86	108.62	1,636,286
Wednesday, May 13 ..	84.34	124.21	97.13	109.76	108.68	1,476,556





KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standard. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

THE STORY OF THE STRAUS PLAN
This booklet explains why this large first mortgage real estate bond firm can truthfully say that they have sold these securities for forty-two years without loss to any investor. (217).

THE FORMULA OF SAFETY
The salient feature of this Formula of Safety as developed by an old established Bond and Mortgage House, are here set out for investors who would think before, rather than after, placing their funds. Ask for (327).

INVESTMENT FEATURES OF COOPERATIVE APARTMENT OWNERSHIP AT JACKSON HEIGHTS
A valuable booklet prepared by the Queensboro Corp., which shows the moderate cost and advantages to be derived from owning your own home in a beautiful section a short distance from New York City. Ask for (336).

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A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

A QUESTION ANSWERED
An extremely interesting illustrated booklet explaining how a stock exchange firm handles out of town business. It shows how orders are treated from the time the letter arrives to the final placing of the certificates purchased. (278).

SAFETY FIRST
Protect yourself with the experience of this First Mortgage Real Estate Bond house contained in this interesting booklet. Ask for (341).

THE TRESHOLD OF PROSPERITY
An interesting book outlining a practical method for getting ahead, describing an interesting form of bond investments. Written in clear, non-technical language, and contents can be absorbed in 10 minutes. (285).

HOW TO JUDGE SOUTHERN MORTGAGE BONDS
This free booklet contains the net of this old-established Company's experience in the First Mortgage Investment Field in the South. Ask for (302).

FOUR DISTINGUISHING MARKS
This 8-page booklet, issued by one of the largest first mortgage real estate bond houses, shows you how to "check up" first mortgage real estate bonds. Send for (264).

WHY FLORIDA, FIRST MORTGAGE INVESTMENTS PAY UP TO 8%
A concise, common-sense statement of five logical reasons why investors may at this time send their money to Florida and get 8% on sound first mortgage security. Sent without charge on request. Ask for 344.

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

Aeolian Co. pfd. (7)	83	— 90
Aeolian Weber	20	— 24
Aeolian Weber pfd. (7)	96	— 99
Allied Packers	5	— 9
Sr. Pfd.	16	— 20
Pr. Pfd.	50	— 54
American Arch (5P)	119	—123
American Book Co. (7)	116	— ..
Amer. Cyanamid (P)	127	—132
Pfd. (6)	82	— 85
Amer. Thread pf. (5%)	3⅞	— 4⅛
Atlas Portland Cement (4) ....New	47	— 47½
Babcock & Wilcox (7)	134	—136
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	101	—105
2nd Pfd. (7) G	92	— ..
Beaver Board pfd.	24	— 26
Common "A"	..	— 5½
Common "B"	..	— 5½
Borden Co. (8) ....New	73	— 76
Pfd. (6)	106	— ..
Bucyrus Co. (5)	150	—155
Pfd. (7)	103	— ..
Celluloid Co.	28	— 30
Pfd. (8)	79	— 81
Congoleum Co. pfd. (7)	102½	—104
Crocker Wheeler	23	— 27
Pfd. (7)	75	— 80
Eisemann Mag. pfd. (7)	47	— ..
Franklin Rwy. S.	90	— 95
Gen. Optical pfd. (3½)	30	— 35
General Rwy. Signal	117	—121
General Rwy. pfd.	85	— 90
General Rwy. 6s	119	— ..
Hale & Kilburn pfd.	15	— 17
Ide (Geo. P.) & Co., Inc.	4	— 7
Pfd. (8)	62	— 67
Jos. Dixon Crucible (8)	143	—146
Johns-Manville, Inc. (3P)	140	—143
Knox Hat	40	— 45
2nd Pfd.	55	— 60
Pr. Pfd. (7)	89	— 93
Lehigh Portland Cement (3)	75	— 78
McCall Corp'n	92	— 97
Pfd. (7B)	125	— ..
Nat'l Fuel Gas (5P)	112	—115
New Jersey Zinc (8P)	181	—184
Niles-Bement-Pond	18	— 22
Pfd.	45	— 55
Phelps-Dodge Corp'n (4)	100	—105
Pierce, Butler & Pierce (8)	103	—108
Pfd. (8)	97	—102
Poole Engin'g (Maryland):		
Class A	14	— 18
Class B	13	— 17
Richmond Radiator Co.	20	— 30
Pfd.	95	—105
Royal Bak'g Powder (8)	143	—147
Pfd. (6)	101	—103
Safety Car H. & L. (8)	112	—114
Savannah Sugar (6)	63	— 67
Pfd. (7)	82	— 85
Sheffield Farms (6)	150	— ..
Pfd. (6)	98⅛	—101
Singer Mfg. Co. (10)	235	—240
Singer, Ltd. (England)	3¾	— 4¼
Superheater Co. (K)	129	—133
Thompson-Starrett (4)	90	— ..
Victor Talk'g Mach. (8)	83	— 86
White Rock (1.20P)	34	— 35
2nd Pfd. (6P)	140	—180
1st Pfd. (7)	100	—105
Yale & Towne (4P)	64	— 65

*Dividend rates in dollars per share designated in parentheses.

B—Arrears being discharged at rate of 7% annually in addition to regular dividend rate.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

K—Dividend rate on this stock not established.

P—Plus Extras.

THE market in over-the-counter stocks continued largely along the same lines as two weeks ago. Leading issues were firm with some good sized gains here and there through the list, particularly among the stocks that have lately been relatively most active.

Railway equipments were again strong. American Arch held close to levels previously established, while General Railway Signal and Superheater moved into higher ground. The action of these securities is, apparently, a reflection of the generally satisfactory condition of the railroad industry and the high purchasing power of the carriers.

White Rock common and second preferred, together with Bucyrus, were the outstanding features. These stocks advanced sharply, reaching new high prices. The favorable position of both companies has been discussed from time to time in these columns. The action of their securities may be attributed partly to more general recognition of the conditions surrounding them, as well as a sympathetic move in conformity with the demonstration of strength in the market for listed stocks.

George P. Ide was an exception to the prevailing trend. The weakness that had previously developed remained in evidence, doubtless due to some last minute liquidation by holders who are dissatisfied with last year's earnings.

Victor Talking Machine, on the other hand, continued its recovery. This company has released its report of earnings for 1924 showing net profits equivalent to $3.40 a share earned on the common, compared with $18.77 in 1923. Action of the stock would indicate that this unfavorable showing has been discounted.

Dairy stocks shared in the general firmness. Borden common, new stock, registered a further moderate gain. Sheffield Farms was, apparently, in good demand although vigorous bidding failed to attract any quantity of offerings. Changes in other sections of the list were mostly of minor character and lacking in interest.

PANAMA CANAL COMPETITION HEAVY BURDEN ON WESTERN ROADS

(*Continued from page* 111)

the Canal. St. Louis & San Francisco is booming with the great boom of the southwest. Others are not so happily situated.

The western carriers, therefore, appear to be placed between the horns of a dilemma. One horn is that of Canal competition and the other the demand of the farmers for lower freight rates. To quote Mr. Spence again:

> "The prosperity of the western country depends upon its production and its ability to market its products. It would, therefore, seem that its paramount interest is in the maintenance of a basis of rates upon its *outbound products* that will *stimulate* their production and *extend* their markets. The western lines have sought to establish and maintain such a basis of rates upon the outbound products of the western states, *including the inter-mountain states; but it is obvious that, if they are permanently deprived of the revenue that can be derived from participation in all traffic competition with water lines, their efforts in that direction will be handicapped or arrested, their ability to provide the required facilities for the upbuilding and expansion of the western country will be impaired, and their efficiency and usefulness will be seriously undermined instead of being 'Fostered and preserved in full vigor' as contemplated by the declaration of Congress.*"

The Panama Canal is a national development and in its operation the theory of the greatest good for the greatest number will undoubtedly continue to prevail. The best that the railroads can hope for in that direction is the bringing of water transportation rates under regulation such as is now exercised by the Interstate Commerce Commission over the railroads. Such regulation would materially assist in solving the problem of the western transcontinentals. Adequate relief, however, must come from an upward revision of present freight rates. Lacking that the outlook for the future of the western lines will continue, to say the least, to be far from roseate.

Bank and Insurance Stocks

Quotations as of Recent Date

National Banks:

	Bid	Asked
American Exchange (16)	375	385
Chase (20A)	412	418
Chatham & Phenix (16)	296	300
Chemical (24)	650	660
City (20B)	435	440
Commerce (16)	350	354
East River (13)	240	...
First (N. Y.) (60)	2450	2550
First (Brooklyn) (12C)	475	...
Garfield (12D)	335	342
Gotham (6)	175	185
Hanover (24)	975	...
Harriman (10E)	490	505
Mechanics & Metals (20)	389	398
Park (24)	453	463
Public (16)	445	460
Seaboard (16)	475	...

Trust Companies:

	Bid	Asked
Bankers (20)	420	470
Central Union (24F)	730	...
Equitable (12)	253	260
Farmers L. & T. (16G)	438	448
Guaranty (12)	320	328
Irving Bk.-Col. Tr. (12)	243	248
Lawyers T. & G. (10H)	230	232
Manufacturers (16)	357	364
United States (60)	1575	1650

Insurance Companies:

	Bid	Asked
American Surety (6)	138	143
Continental (6)	114	117
Fidelity-Phenix (6)	160	165
Globe & Rutgers (28)	1300	1360
Great American (16)	272	280
Hanover (5)	180	195
Hartford Fire (20)	575	585
Home (18)	350	355
National Surety (9)	207	212
Travelers (16)	1095	1110

A—Includes dividends from Chase Securities Corporation.

B—Includes dividends from National City Co.

C—2% extra, 1/2/24.

D—3% extra 12/31/24.

E—5% extra 7/10/24 and 1/2/25.

F—4% extra 1/2/25.

G—Interim dividend of $2 paid 3/2/25 to holders of record 2/21/25.

H—1% extra 7/1/24 and 1/2/25.

‡dividend rates, in dollars per share, shown in parenthesis.

BANK stocks during the fortnight were generally firm, with such price changes as occurred on the constructive side. Among the features was spirited bidding for stock of the Bowery Bank, for which $800 per share is offered at this writing, in contrast with bids about 150 points lower two weeks ago. Earnings of the Bowery, for the year to March 25, last, are figured at $51.60 per share, and the book value of the issue at the last statement was $461.

Insurance stocks were more active and generally strong. Sentiment is favorable to this group, not only because of growing interest in insurance issues among investors but also because of the belief that a distributive period is in prospect in the insurance field. The investment income of many of the larger companies substantially exceeds current dividend rates.

Growth of the insurance companies in recent years has paralleled very closely the expansion of American business. Thus, a comparison of the present position of five of the longer-established companies with their position twenty years ago, shows as follows: Aggregate Capital, 1904, 2.70 millions; 1924, 12.25 millions; Surplus, 1904, 6.8 millions; 1924, 24.8 millions; Reserve for Unearned Premium, 1904, 9.66 millions; 1924, 48.45 millions; Total Assets, 1904 20.35 millions; 1924, 96.13 millions.

Among the more active insurance stocks during the fortnight were Continental, which moved above 110; Fidelity-Phenix, at 160-165, and Home at 350-355.

TEN STOCKS SELLING BELOW THEIR REAL VALUE

(Continued from page 131)

three months a year ago. *Dividends are being paid at the rate of $6 a share so that the stock offers a yield of 6.5% at prevailing levels around 92. A higher rate could easily be maintained and seems likely to be paid eventually.*

AMERICAN TEL. & TEL. No list of stable investment common stocks would be complete without this most consistent performer of all. There is nothing of the spectacular about Telephone but its record is certainly impressive. The present company and its predecessors have paid dividends at a rate never less than 7½% for the past forty-four years. The present $9 dividend was inaugurated in 1921, incidentally a year in which the great majority of corporations were thankful if they could maintain former rates.

The secret of American Telephone's success lies in the nature of its service. As the country grows, so must its lines of communication be extended. By virtue of the high credit standing of the company and the investment confidence of the public in its securities, Telephone has always been able to raise funds required for expansion at relatively low rates. Much of the needed money has come directly from stockholders. As there is every reason to anticipate a continuation of past growth, the common shareholders may reasonably look forward to future opportunities to subscribe to additional common stock at attractive prices.

The rights issued in connection with these new stock issues have always possessed a definite market value, thus actually increasing the indicated dividend yield on Telephone common well above the indicated cash return. Earnings have continued to increase in conformity with the gain in capitalization from year to year so that the dividend has never failed to be covered by an ample margin. At current prices around 138, Telephone still yields 6.5% with prospects for more valuable stock subscription rights in the course of the next year or two.

AMERICAN TOBACCO Though it is a luxury industry, the tobacco business rivals the most essential productive activities for its stability. It has stood out conspicuously in times of depression by virtue of the persistency of expansion and evenness of earning power. The cigar and manufactured-tobacco branches of the industry have not shown the same sensational ability of expansion as the cigarette end of the business. The result of this condition has been that companies engaged more largely in the

latter field have enjoyed the most rapid growth.

Most of the tobacco stocks, however, particularly those of concerns whose activities are diversified by including all classes of manufacture, are now selling at high price levels. In other words, the stronger securities can only be purchased at prices to obtain comparatively low yields due to the rather liberal discounting of future prospects.

American Tobacco common appears to be the one outstanding exception to this condition. One of the leading companies in the tobacco group, the company has built up an exceedingly strong financial structure. Working capital at the close of last year totaled 87.09 million dollars of which 14.75 millions was cash. Earnings for the year rose to a new high level, being equivalent to $9.02 a share on the combined common and Class B stocks of $50 par value compared with $7.50 a share the year previous.

The company's strong financial condition justifies liberal treatment of stockholders so that the present $7 dividend may be considered well secured even though the margin of profits over disbursements is not unusually wide. Prospects for an increase in the current rate seem rather limited but at recent prices around 93 the shares yield 7.5%. This is an attractive return for a tobacco issue possessing merits such as American Tobacco.

COM'L INVESTMENT TRUST The business now conducted by Commercial Investment Trust started sixteen years ago with a capital of only $100,000. By ploughing back surplus earnings and issuing new securities from time to time, the company has built up an organization with a total capitalization of 13.82 million dollars. Of this amount, 5.82 millions represents 7% cumulative preferred stock, one million in the 7% preferred stock of a subsidiary and the balance the 360,000 shares of no par value common stock.

There is no investment in fixed assets other than furniture and fixtures, inasmuch as the company does a general financing business, maintaining a number of offices throughout the country. Operations are conducted through subsidiaries which lend money to manufacturers and merchants, supplementing the functions of national banking institutions.

Accordingly, the assets are practically all liquid, consisting of cash and accounts receivable, secured notes and loans. The loans are, in most cases, protected by suitable safeguards and the percentage of losses is exceedingly small. Funds for loaning purposes are obtained from Commercial Investment Trust's own capital and through bank loans.

Earnings of the present company, and the subsidiaries which were acquired when the business was organized in its present form last year, have shown consistent and substantial expansion. Net profits on Commercial Investment common stock were equiv-

alent to $5.37 a share last year, compared with $4.11 in 1923. *Dividends are being paid at the rate of $2.50 a share affording a yield of but 4.4% at current prices around 57. The stock's chief attraction, therefore, lies in its long range prospects rather than in the immediate possibilities, although it would seem that a more liberal dividend could readily be maintained.*

AMERICAN TYPE FOUNDERS As its name indicates, this company produces and distributes printing presses, type and printers' materials. The manufacture and sale of printing type constitutes its most important activity and in this field the company has the distinction of being the largest factor in the country. Kelly job-printing presses form another important addition to its activities.

American Type Founders has an excellent record since its formation from a number of independent units in 1892. Net income available for dividends on common and preferred stock has, as a matter of fact, never failed to show an increase over that for the preceding year since the fiscal year ended August 1915 when the total available was, in round figures, $350,000. Net for the twelve months ended August 31, 1924 reached more than 1.01 millions, equivalent to $14.78 a share for the 5.1 millions of common stock.

The common stock received dividends at the rate of $4 a share, without a break, from October 1898 to April 1923, when payments were increased to $6 a share. The present $7 dividend payment was inaugurated in January, a year ago. Occasional extras have accrued to the common shareholders through the medium of redeemable scrip. The conservatism of the company's management is revealed by comparison of these dividend disbursements with per share earnings which, since 1920 increased from $14.55 to $19.82 in 1923. The apparent decline to $14.78 last year was caused by increase in preferred and common shares which were sold to permit expansion of facilities.

On the basis of its strong financial position (working capital stood at 7.38 million dollars as of December 31, 1924) and the prospects for a continuation of the company's past record of consistent growth, the common stock may be considered attractive as a specvestment having good long pull possibilities. Its one drawback is an inactive market which detracts something from the desirability of stock for those who require a high degree of marketability in their commitments. At recent prices around 107 the stock yields 6.5%.

DIAMOND MATCH Diamond is the largest manufacturer of matches in the United States. Its name does not convey an adequate conception of the company's activities, however, for it is also engaged in the manufacture and distribution of lumber, sundry lumber products, chemicals,

match-making machinery and the marketing of tooth picks and clothes pins. The last two items are manufactured by other interests. The company's facilities comprise all the equipment necessary to its business, including factories in nine states; 33 lumber yards and extensive timber lands. It is independent of foreign sources for raw materials.

Although not entirely immune from the effects of the unusual post-war depression, Diamond Match nevertheless earned a balance of more than $9.85 a share for its common stock in 1921. The stability of earning power is demonstrated by the record of uninterrupted dividends, never less than 6% on the capital stock, since organization in 1889. The present $8 dividend has been paid continuously since 1918.

Diamond Match is without funded or floating debt. There is no preferred stock, the company's capitalization consisting solely of 16.97 million dollars of $100 par value common. The strength of its financial position is revealed by the fact that current assets totaled 15.09 million dollars at the close of 1924 compared with but $848,000 of current liabilities. Net profits last year were equivalent to $9.99 a share compared with $11 for the ten-year average.

The company enjoys a strong trade position by virtue of its ability to turn out a high-grade product; relatively low manufacturing costs; a well-rounded organization and sound management. While the stock affords limited possibilities of the speculative variety, it has sound investment merits, and is available, at present, around 117 *to yield 6%.*

WILL THE DIESEL ENGINE INCREASE INDUSTRIAL PROFITS?

(*Continued from page* 114)

efficacious for purposes of more than 600 h.p., generally speaking.

Future of the Diesel Engine

For certain purposes, as indicated in the foregoing remarks, the Diesel engine has definite and certain advantages. It is still in the experimental and evolutionary stage, however. What its final status will become in the engineering world is difficult to say. Doubtless it will continue to encroach upon the fields now occupied by gas and steam engines, but that it will ever put those latter types of engines out of the running seems, to the writer, to be highly improbable.

There are dozens of concerns here and abroad which either are manufacturers of the Diesel engine or are experimenting with it. Among the more important concerns in this country, either producing or experimenting with the Diesel engine, are the Baldwin Locomotive Works, Cramp Shipbuilding

Co., Worthington Pump & Machinery Corp., Bethlehem Steel Corporation, McIntosh & Seymour, New London Ship & Engine Co., the Nordberg Co., Winton Co., Busch-Sulzer Co., Fulton Iron Works and the Pacific Diesel Engine Co.

The fields which offer the greatest possibilities for the Diesel engine seem to be shipping and railroading. In the former, the Diesel engine is already an important and increasingly important factor. The U. S. Shipping Board is converting many of its vessels from steam to Diesel propulsion. The new, double-acting, two-cycle Diesel engine put out by the Worthington Pump & Machinery Corporation is regarded as a distinct advance in Diesel manufacture. This engine is capable of delivering 3000 h.p. continuously and occupies approximately the same space required by a steam engine of like horsepower. Approximately 40% of cargo ships turned out in Great Britain are Diesel equipped.

On land, engineers have turned their attention to the Diesel engine for locomotive operation. The Baldwin Locomotive Works has constructed a 1000 h.p. experimental, Diesel operated locomotive and the results which it will attain are awaited with interest. The great difficulty in locomotive operation has been the connecting up of the driving power with the wheels. In the Baldwin locomotive the Diesel engine drives a dynamo which operates a motor which in turn furnishes the power for the driving wheels. If this locomotive comes up to expectations it may in time become an important rival of electrification.

In this connection, however, it should be remembered that innovations, especially in the railroading field, make speed slowly. Perhaps it would be unfair to say that railroad operators are less progressive than others, but it certainly appears that they are more conservative. When one stops to think that the Diesel principle has been known for upwards of thirty years and that only comparatively recently has the Diesel engine become prominent, one realizes the slowness with which mankind moves.

Moreover, the fact that the basic Diesel patents have expired, makes it impossible for any one company to control the production of this type of engine. Each company, as it develops a new Diesel type, protects itself with patents covering improvements, but no company has as yet succeeded in developing an improved type sufficiently ahead of other types to give that company the control of the Diesel field. It is a free-to-all competition and those concerns which turn out the best types of Diesel engines with the wider uses, will make the most money from their Diesel operations.

It goes without saying that Worthington, Baldwin, Bethlehem and others expect to realize substantial profits from their production of new types of Diesel engines, but it will take a number of years for them to materialize.

In summary it should be pointed out

that the Diesel engine appears to possess great possibilities for development and eventually a much extended use over that of the present. To state, however, that the Diesel engine will sweep the boards in competition with other engines, or that this or that company will grow suddenly affluent from Diesel engine profits is, to say the least, premature.

WHAT IS THE ECONOMIC VALUE OF YOUR LIFE?

(*Continued from page* 145)

were to pay 1/10 of his income—or $250—towards the annual payment of life insurance premiums, he could obtain approximately $15,000 coverage on the Ordinary Life plan (non-participating). If $3,000 of the proceeds of this life insurance were paid in a lump sum at his death, his family would be furnished with immediate cash to meet the usual expenses incidental to sickness and funeral expenses, with a balance for the immediate living expenses of the dependents. The remainder, $12,000, if paid as an annuity to the benficiary would guarantee her an income of about $600 a year for the remainder of her life.

Basis of Court Decisions

A number of the court decisions have undoubtedly been based upon careful scientific reasoning and research. It is apparent to anyone that the death of the wage-earner will reduce the household outlays very considerably. A man who is earning $2,500 a year must spend something upon himself, and it may be considered that one-third of his income goes in this direction. Clothing, carfare, lunches, medical expense, and some social activities may naturally be looked upon as the legitimate personal expenses of the head of the house.

Another point that the court takes into consideration is the fact that a workman does not continue working in old age. His effective years of life range to about age 65.

If we deal, therefore, with an earned income of $2,500; deduct one-third for personal expenses, and treat the balance as a temporary annuity running to age 65, we find that the basis on which the courts (when they are guided by science) instruct and make these awards would give a value of approximately $25,000 for a life at age 30 earning $2,500 a year. The above illustrated decisions are therefore only a little more than the scientific value of the life to the man's family. The difference is doubtless caused by the sympathy of juries, and the variation in interpretation of the different deductions.

The main thought is that when a man is thus accidentally killed a very much greater value is placed upon his earning capacity than he usually places on it himself. This is shown by the small percentage of his income he has di-

verted towards the building of an estate, through life insurance or other sources. The possibility of a workman's family being able to claim full damages for his *accidental* death is remote. Death by accident is proportionately small in relation to the principal causes—such as, for instance, pneumonia, tuberculosis, fevers, heart disease, etc. But death in some form is a *certainty*. Disease is insidious and seizes its victim unawares. A family man should therefore consistently strive to divert a proper share of his income towards adequate provision for dependents in case of his sudden call to the Great Beyond. *Adequate provision* does not necessarily imply wealth. It does imply that a home, nourishing food, and proper clothing should be provided for the widow and orphans, with means to give the children a satisfactory education in the elementary grades. If higher education is desired in such cases, a little self-denial and healthful toil will enable the fatherless young student to "work his way through."

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Annual Rate		Amount Declared		Stock Record	Payable
$4	Amer. Beet Sug.	$1.00	Q	7-11	7-31
7%	Amer. Linseed pf.	1¾%	Q	6-20	7- 1
—	Amer. Loco. cm.	$2.50	ext	6-15	6-30
$3	Amer. Metals cm.	$0.75	Q	5-19	6- 1
7%	Amer. Metals pf.	1¾%	Q	5-20	6- 1
$4	Amer. Radiator cm.	$1.00	Q	6-15	6-30
5%	Amer. Tel. & Cable	1¼%	Q	5-20	6- 1
$2.40	Beech-Nut Pack. cm.	$0.60	Q	6-25	7-10
7%	Beech-Nut Pack. pf.	1¾%	Q	7- 1	7-15
8%	Beth. Steel pf.	2%	Q	6- 1	7- 1
7%	Beth. Steel pf.	1¾%	Q	6- 1	7- 1
$4	Brown Shoe cm.	$1.00	Q	5-20	6- 1
$6	Calif. Packing cm.	$1.50	Q	5-29	6-15
$1.75	Calif. Pete. cm.	$0.4375	Q	5-20	6- 1
$7	Calif. Pete. pf.	$1.75	Q	6-20	7- 1
10%	Canadian Pac. Ry.	2½%	Q	6- 1	6-30
$7	Century Ribbon pf.	$1.75	Q	5-18	6- 1
$2.40	Childs Co. cm.	$0.60	Q	5-29	6-10
$2.50	Chile Copper Co.	$0.625	Q	6- 3	6-29
$7	Coca-Cola cm.	$1.75	Q	6-15	7- 1
$7	Coca-Cola pf.	$3.50	SA	6-15	7- 1
4%	Colorado South. 1st pf.	2%	SA	6-19	6-30
$9	Delaware & Hudson	$2.25	Q	5-28	6-20
$7	Franklin Simon pf.	$1.75	Q	5-18	6- 1
$7	General Cigar pf.	$1.75	Q	5-23	6- 1
$7	Gen. Cigar deb. pf.	$1.75	Q	6-23	7- 1
$6	Gen. Motors cm.	$1.50	Q	5-18	6-12
$7	Gen. Motors pf.	$1.75	Q	7-13	8- 1
$6	Gen. Motors pf.	$1.50	Q	7-13	8- 1
$6	Gen. Motors deb. pf.	$1.50	Q	7-13	8- 1
$2	General Pete. cm.	$0.50	Q	5-30	6-15
$7	Goodrich, B. F., pf.	$1.75	Q	6-16	7- 1
$2.50	Hartman Corp.	$0.625	Q	5-19	6- 1
$3	Hayes Wheel cm.	$0.75	Q	5-29	6-15
$1	Independent O. & G.	$0.25	Q	6-15	7- 1
$7	Inland Steel pf.	$1.75	Q	6-15	7- 1
$2	Internat. Comb.	$0.50	Q	5-18	5-31
$7	Jewel Tea pf.	$1.75	Q	6-20	7- 1
$4	Kinney, G. R. cm.	$1.00	Q	6-20	7- 1
$8	Kinney, G. R., pf.	$2.00	Q	5-20	6- 1
$6	Louisville & Nash.	$3.00	SA	7-15	8-10
$3	Magma Copper	$0.75	Q	6-15	7-15
$3	Munsingwear, Inc.	$0.75	Q	5-18	6- 1
$3	Natl. Biscuit cm.	$0.75	Q	6-30	7-15
7%	Nat. Cloak & Suit pf.	1¾%	Q	5-26	6- 1
$7	Nat. Lead pf.	$1.75	Q	5-22	6-15
$4	N. Y. Air Brake A.	$1.00	Q	6-10	7- 1
$7	Norfolk & Western	$1.75	Q	5-29	6-10
$3	Owens Bottle cm.	$0.75	Q	6-15	7- 1
$7	Owens Bottle pf.	$1.75	Q	6-15	7- 1
7%	Packard Motor pf.	1¾%	Q	5-29	6-15
7%	Radio Corp. pf.	1¾%	Q	6- 1	7- 1
8%	Stand. Gas & Elec. pf.	2%	Q	5-29	6-15
$5	Stand. Milling cm.	$1.25	Q	5-19	5-29
$6	Stand. Milling pf.	$1.50	Q	5-19	5-29
$2	Stand. Oil Calif.	$0.50	Q	5-18	6-15
$2.50	Stand. Oil Indiana	$0.625	Q	5-16	6-15
$1.40	Stand. Oil N. Y.	$0.35	Q	5-18	6-15
$3	Timken Roller Bear.	$0.75	Q	5-19	6- 5
—	Timken Roller Bear.	$0.25	ext	5-19	6- 5
$2	U. S. Hoffman Mach.	$0.50	Q	5-21	6- 1
$5	U. S. Steel cm.	$1.25	Q	5-28	6-29
—	U. S. Steel cm.	$0.50	ext	5-28	6-29
$4	White Motors cm.	$1.00	Q	6-19	6-30

DOES WHEAT GAMBLING SOUND KNELL OF MARKET MANIPULATION?

(*Continued from page* 109)

Trade membership is primarily interested in speculation—'cause and effect change position with lightning-like rapidity, and each change pays a commission.' It adds that such members do not want to have speculation reformed 'because it would so disperse interest that incentive to speculate would be reduced.'

"The grain ring is broken, the truth is out; the farmers' suspicions are more than justified. It is proved that speculation—manipulated speculation—does make and break prices; that the food of the world, laboriously produced, is priced not by producer and consumer, but by just common gambling of the cheating, welching sort.

"Whether stated as plainly as I have stated it or not, the report of the investigation now being made by the Department of Agriculture will mean the same thing. The next Congress will amputate speculation very close to the ears. It may act so drastically as even to destroy what I consider necessary and legitimate speculation.

"It is even possible that the stock exchanges will come in for a trimming. There was a certain amount of synchronization between the roaring wheat market and the booming stock market. Stocks were just as violently disasociated from real values—and in much the same way—as grains were divorced from supply-and-demand interactions. Congress may say that if the farmer, the miller and the bread buyer are entitled to protection from wheat pit gamblers playing a crooked game, investors in 'actual cash' stocks have an equal claim on relief by governmental action.

"In any event it is all over with the manipulators in the grain markets—and perhaps with the grain exchanges themselves in anything like their present form of concentrated facilities for making false prices."

Note:—

Since this article was written, the Grain Futures Administration made an interim report on May 13. Doubtless, this will be followed soon by the official report covering the investigation into the situation affecting recent grain fluctuations. This report should be found quite engrossing. It is a situation distinctly worth following.

TRADE TENDENCIES

(*Continued from page* 156)

costs more nearly into line with selling levels, it is not considered likely that early action will be taken in this respect.

Pig iron output dropped to 3.21 million tons in April, making the daily average 107,041 tons compared with 115,207 tons in March, a loss of ap-

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proximately 7.1%. Blast furnaces in operation at the close of the month totaled 221 so that the industry is, to all intents, back to the December, 1924 basis. Unfilled orders of the Steel Corporation fell 416,996 tons, this being the second successive decline since the downward movement started.

Foreign competition in iron and steel remains a considerable factor in the East. Domestic makers of cast iron pipe are endeavoring to meet this situation by under-bidding their European competitors, obviously, at the expense of profits.

RAILROAD EQUIPMENT

Railroad equipment companies seem doomed to live upon past glory for some little time to come. Aside from the prospect for the usual revival in business late in the summer, there is nothing in the outlook to suggest that the industry will show a material change for the better. Railroads are quite generally provided with all the rolling stock need to carry on, despite the well sustained volume of car loadings. Idle equipment totaled 345 cars as of March 31 against but 248 cars at the same time a year ago. These figures in themselves should serve to explain the prevailing condition in the railway equipment field.

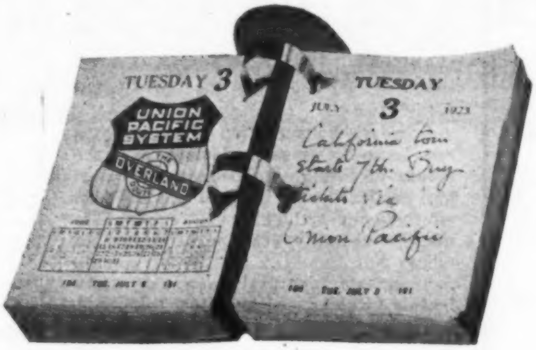
As has been the case for several months, locomotive companies are less favorably situated than the car manufacturers. Both branches of the industry have eaten into unfilled orders very considerably, however. The gradual lowering of output that has resulted from lack of forward business and the falling off in unfinished orders is, of course, affecting earnings.

Locomotive deliveries to the roads dropped nearly one-fourth during the first three months of the year compared with the like period in 1924. Freight car orders amounted to slightly more than 20 thousand units for the quarter ended March 31, while in the year previous the volume of new business was about three times this total.

SUGAR

The sugar markets have been lacking in support and new low levels were recently recorded in both departments, although refined has staged a small recovery in the past week or so. Raw sugar is quoted around 2½ cents a pound against an extreme low of 3 cents last year and a high of 3-1/16 cents thus far in 1925. In addition to the extreme pressure exerted by a record world production, other influences have been at work to destroy confidence in the market.

The grinding season is still underway in Cuba. Until the crop is all in, the market will probably have to contend with the steady emission of crop estimates. To date, each of these has pre-



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May 23

dicted a larger production than the estimate preceding. Supplies of raw sugar on the Island of Cuba are known to be large, although it seems reasonable to infer that the refineries are not overburdened with stocks in view of their cautious buying policies in recent months.

Domestic consumption of refined has not come up to expectations and the return of foreign competitors to a normal production basis has doubtless been effective in reducing the export demand. Finally, the steady sag in prices has unloosed a flood of weakly held raws. Liquidation on this score has aggravated the market's weakness.

The only questionable factor in the situation is whether current low prices have discounted all these unfavorable conditions. The probabilities would seem to favor such a conclusion but, though a fair recovery may eventually be witnessed, there is little in the outlook to engender optimism in regard to earnings for the producing companies. Neither does it appear that the refiners will show startlingly large profits unless there should be a marked change for the better later in the year.

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Dividends

IDEAS - SERVICE - COMMODITIES

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Charters

DELAWARE incorporator; charters; fees small; forms. Chas G. Guyer, 901 Orange St., Wilmington, Del.

Dividends

Remington Typewriter Company

First Preferred Dividend No. 76

Second Preferred Dividend No. 72, 73 and 74

New York, May 12, 1925.

The Board of Directors has this day declared a quarterly dividend of 1¾% ($1.75) per share on the First Preferred and Series "S" First Preferred stocks, payable July 1, 1925, to stockholders of record June 20, 1925.

The Directors also declared three quarterly dividends of $2.00 each per share on the Second Preferred stock, payable: 2% June 12, stockholders of record June 2, 1925. 2% July 14, stockholders of record July 3, 1925. 2% August 14, stockholders of record August 4, 1925.

HAROLD E. SMITH,
Secretary.

The Mengel Company

The Board of Directors of The Mengel Company, May 8th, 1925, declared the regular quarterly dividend of 1¾% on the Preferred Capital Stock of the Company, payable June 1st, 1925, to Stockholders of record at the close of business, May 29th, 1925.

J. H. MACLAY, Secretary.

Any preferred Stock to be transferred should be sent to this office, Eleventh & Dumesnil Streets, Louisville, Ky.

J. H. MACLAY, Secretary.

Louisville, Kentucky, May 8, 1925.

CANADIAN PACIFIC RAILWAY COMPANY

Dividend No. 116

At a Meeting of the Board of Directors held today a Dividend of two and one-half per cent on the Common Stock for the quarter ended 31st March last was declared from railway revenues and Special Income, payable 30th June next, to Shareholders of record at three P. M. on 1st June next.

By order of the Board.

ERNEST ALEXANDER, Secretary.

Montreal, May 6, 1925.

To the Stockholders of
Simms Petroleum Co.

The Board of Directors of your Company has this day declared from the surplus profits of the Company a dividend of Fifty Cents (50c) a share on the Capital Stock, to be paid on July 1, 1925 to stockholders of record as of the close of business Monday, June 15, 1925. The stock transfer books will not be closed.

SIMMS PETROLEUM COMPANY
By Alfred J. Williams, Treasurer

May 8, 1925.

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FRED W. RICHART Carterville, Ill.

Dividends

UNITED STATES REALTY AND IMPROVEMENT COMPANY

111 Broadway, New York.

The Directors of this Company declared today a dividend of one and three-fourths per cent (1¾%) on its preferred stock outstanding at the close of business on June 5, 1925, payable on August 1, 1925, to holders of record of such stock at the close of business on June 5, 1925, and a dividend of two per cent (2%) on its common stock outstanding at the close of business on June 5, 1925, payable on June 15th, 1925, to holders of record of such stock at the close of business on June 5, 1925, and a dividend of ten per cent (10%) on the common stock of the Company outstanding at the close of business on June 5, 1925, payable in common stock of the Company on July 15th, 1925, to holders of the common stock of record at the close of business on June 5, 1925.

ALBERT E. HADLOCK,
TREASURER.

New York, May 13, 1925.

FEDERAL LIGHT & TRACTION CO.

Preferred Stock Dividend.

52 William Street, N. Y., May 6, 1925.

The Board of Directors has this day declared the Regular Quarterly Dividend of One Dollar and Fifty Cents ($1.50) per share on the Preferred Stock of Federal Light & Traction Company payable on June 1, 1925, to the Preferred Stockholders of record as of the close of business May 15, 1925.

Checks will be mailed. The transfer books will not be closed.

J. DUNHILL, Treasurer.

THE BORDEN COMPANY

Preferred Stock Dividend No. 94

The regular quarterly dividend of $1.50 per share has been declared on the outstanding preferred stock of this Company, payable June 15, 1925, to stockholders of record at the close of business June 1, 1925. Books do not close. Checks will be mailed.

SHEPARD RARESHIDE, Treasurer.

GUANTANAMO SUGAR COMPANY

The Board of Directors has this day declared a dividend of two dollars ($2.00) per share on the Preferred Stock, for the quarter ending June 30, 1925, payable July 1, 1925, to stockholders of record at the close of business June 15, 1925. The Transfer Books will not be closed.

JOHN WOLLPERT, Treasurer.

New York, May 5, 1925.

Printing

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Dividends

Federal Light & Traction Co.

Common Stock Dividend

52 William Street, N. Y., May 6, 1925.

The Board of Directors has this day declared the quarterly cash dividend of Twenty Cents ($.20) per share upon the Common Stock of the Company. An extra dividend of Fifteen Cents ($.15) per share (1/100 of a share) was also declared upon the Common Stock of the Company payable in Common Stock of the Company. Both dividends are payable on July 1, 1925, to the Common Stockholders of Record at the close of business June 15, 1925.

No certificate of Common Stock will be issued for less than one (1) share. For fractional shares scrip will be issued and will be exchangeable for stock at the office of The New York Trust Company, No. 100 Broadway, New York, N. Y., in amounts aggregating Fifteen Dollars ($15.00) or multiples thereof. No dividends will be paid to the holders of scrip but all dividends on the Stock represented by scrip will be payable to the first registered holder of the Stock. Checks for the cash dividend and certificates and/or scrip for the stock dividend will be mailed. The Transfer Books will not be closed.

J. DUNHILL, Secretary and Treasurer.

Underwood Typewriter Company

The Board of Directors of the Underwood Typewriter Company at its regular meeting held May 14th, 1925, declared a regular quarterly dividend of $1.75 per share on the Preferred and 75c per share on the Common Stock of the Company of the par value of $25.00, each payable July 1st, 1925, to stockholders of record June 6th, 1925. The Board also declared a quarterly dividend of $1.75 per share on the Preferred and 75c per share on the Common Stock of the Company of the par value of $25.00, each payable October 1st, 1925, to stockholders of record September 5th, 1925.

D. W. BERGEN, Treasurer.